Sixty Years of Sweeping Changes, Human Constants

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Sixty Years of Sweeping Changes, Human Constants

Direct Relief International was founded in the aftermath of World War II with the simple aim of helping people in postwar Europe who were living under tremendous hardship. They were caught in challenging circumstances, as history moved forward on a hopeful path from a dark period.

Since that time, the accelerated march of progress—in science, technology, communications, health care, agriculture, and economics—has been remarkable and worldwide in scale. The global tide of the human condition has risen, as measured by child survival, access to food and water, longevity, prosperity, and educational opportunities.

But humanitarian challenges persist. Poverty and poor health still reinforce each other, creating tremendous obstacles for an estimated one billion people. Those who are poor get sick, stay sick longer, and die earlier than those who are not. And people who are sick tend to become poor because they cannot work and spend whatever they may have trying to access health services that are frequently substandard.

Amid the sweeping changes of the last 60 years, Direct Relief has remained focused on helping those caught in the undertow of history’s rising tide. In 1948, our war-refugee founders William Zimdin and Dennis Karczag provided—initially with their own funds—food, clothing, and medical aid to people living through the difficult period of postwar recovery in Europe. They recognized that private efforts were crucial to reach beneath the large-scale government-led rebuilding programs underway.

Today, Direct Relief’s assistance is focused on health, bringing medical and financial resources (including essential medical products donated by many of the world’s leading healthcare companies) to health professionals serving impoverished people in communities around the world. All these resources are provided through donations from private parties, not government grants. In areas where governments and global markets are either unable or unwilling to engage, these efforts are essential to improve the health of people who are sick or hurt.

Despite the changed circumstances, location, scale, and techniques of our work, the humanitarian focus and attention to the efficient use of resources have remained constant. So too has the approach of supporting local efforts in a respectful manner and without regard to race, ethnicity, politics, religion, gender, or ability to pay.

Sixty years later, the simple goal of enabling people to live healthy, productive lives—regardless of the circumstances into which they are born or find themselves—remains a powerful incentive. The tremendous improvement in overall living standards creates a sharpened humanitarian imperative to assist those whose lives remain threatened by sickness, disease, and injury that can be easily diagnosed and treated.
This report is dedicated to the generations of unpaid volunteers whose energies and generosity have fueled Direct Relief International for the past 60 years, including the exceptionally devoted individuals who have so generously served with distinction on the Board of Directors.

On the occasion of Direct Relief’s 60th anniversary, we are pleased to submit this report concerning our organization’s activities and finances for the fiscal year ending on March 31, 2008.

The world has undergone profound change since 1948, and so too has our organization. Unchanged, however, is that many people are born into deep poverty or pushed by disasters or historic events into situations in which they face tremendous challenges to their lives, health, and future prospects. Similarly unchanged is our organization’s humanitarian mission to help people in such situations.

We are pleased to report that last year, in a tough economy, Direct Relief’s humanitarian assistance provided more help, to more people, in more places than at any time in our history. Overall, our assistance programs increased by over 50 percent—funded entirely with private support. Our dedicated Board of Directors and Advisory Board, in addition to devoting thousands of hours to the organization, also demonstrated tremendous personal generosity through their financial support.

We also are pleased to report that all fundraising and administrative expenses incurred during the year were paid by the Direct Relief Foundation, the supporting organization established to manage bequest proceeds, provide financial stability, and finance rapid emergency response and other key initiatives when no other funding exists.

The Foundation is managed by its own Board of Trustees, which is, in turn, controlled and directed by the Board of Direct Relief International, who authorized transfers to enable immediate responses to humanitarian emergencies in Peru and Kenya without jeopardizing other planned activities. In addition, Foundation transfers allowed us to self-finance a crucial information technology upgrade that is necessary for efficient, precise management of complex operations on a global scale.

Because fundraising and administrative costs were fully covered by bequest proceeds in the Foundation, 100 percent of all donors’ contributions were devoted to our humanitarian programs described in this report. The highlights of our program work included, in Kenya and Zimbabwe, stepped-up assistance to provide life-saving anti-retroviral therapy to thousands of patients with HIV/AIDS, new partnerships to train the first generation of health workers in Southern Sudan, and the broad distribution of HIV test kits worldwide to improve public health responses. We continued to support national Vitamin A blindness prevention programs in El Salvador and Nicaragua, and launched a large-scale response including vaccines to Peru following the devastating earthquake in August. In Asia, ongoing support to excellent partners in Cambodia, Laos, India, and Sri Lanka ensured improved access and better quality health services for millions of people living in poverty.

Our efforts to strengthen the health safety net in the U.S. also grew substantially, in partnership with 1,000 community-based health centers and clinics nationwide and two dozen healthcare companies. From a small pilot, this effort grew to a $61 million program that furnished 3.5 million prescriptions for low-income, uninsured patients last year.

Our 60th anniversary has renewed our deep commitment to service. In the most efficient, respectful, and productive manner possible, Direct Relief will continue to serve people whose lives and health are threatened by poverty, disease, or natural disaster.

Please accept our heartfelt thanks for your interest and involvement in the work of Direct Relief.
Health has intrinsic value for every person. It is essential for people to earn, work, and make a living. Sick people cannot work, and they become 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’s aim is to strengthen existing, fragile health systems that serve people stuck in this cycle. We work hard to ensure that the healthcare professionals in impoverished communities worldwide are able to maintain, expand, and improve health services to people.

In turn, the people served have a better chance to survive, become healthy, and realize their inherent human potential.

While working to strengthen basic health services in resource-poor areas, Direct Relief places a high priority on: programs serving women and children, primary health care, activities that address HIV/AIDS prevention and care, and responding to emergency situations.

International Programs
Every 48 seconds, a child is infected with HIV, the virus that causes AIDS. This is a profound human tragedy whose primary cause is preventable. Without medical intervention, the chance that a mother will pass along the virus to her child is as high as 30 percent, but with proper testing and therapy, this chance can be nearly eliminated.

Direct Relief and corporate partner Abbott are working to eliminate the barriers to the testing of pregnant women for HIV in countries where mothers and their children face the greatest threat. In 2007, Direct Relief began distributing free, Abbott-donated Determine® HIV rapid test kits. Sixty-nine developing countries are eligible for the program, including all countries in Africa, where the burden of HIV is heaviest.

Abbott began distributing the free test kits internationally in 2002. This past year, Abbott approached Direct Relief to run the program because of Direct Relief’s track record of delivering needed supplies to those who can do the most good with them.

“This program, along with Direct Relief’s antiretroviral therapy drug program which began last year, represents a huge leap forward in our ability to help local health providers identify and combat HIV across the globe,” said Thomas Tighe, Direct Relief President and CEO.

Between 2002 and 2007, Abbott donated more than 9.8 million rapid HIV tests to prevention programs throughout the developing world. Over 7.7 million pregnant women have been tested with Determine®, and 855,000 of those women tested positive for HIV. Two million spouses and children of the pregnant women tested were also screened.

In many developing countries, Direct Relief works closely with ministries of health and other major healthcare networks running prevention of mother-to-child transmission (PMTCT) programs to distribute the test kits. The Rwandan Ministry of Health, one of the first to subscribe to the program, has already tested 750,000 pregnant women.

In Kenya, where UNAIDS estimates 8.3 percent of adult females are HIV positive and 117,000 children under the age of 14 are infected, Direct Relief partner Elizabeth Glaser Pediatric AIDS Foundation (EGPAF) has tested 177,000 expectant mothers, 8,600 of whom were HIV-positive.

Thanks to Direct Relief and Abbott’s partnership, HIV-positive women will have the chance to protect their children from this devastating virus.
INTERNATIONAL PROGRAMS

Living with HIV/AIDS

Hospice and palliative care bring dignity to Africans with terminal diseases

An estimated 22 million people in sub-Saharan Africa live with HIV/AIDS, and for many of them access to the long-term care necessary to combat the virus is lacking. Stigma, noncompliance, and access to specialist care and medicines all impede treatment.

For these patients, hospice and palliative-care groups represent key providers of care. These dedicated groups focus on traditional end-of-life care and, increasingly, treatment to prolong and improve the quality of patients’ lives. Hospices—serving patients who usually have no income and are very poor—typically lack financial and basic material resources to enhance and expand their desperately needed services.

"Counter to the conventional American understanding of the term, hospice care in Africa is not only concerned with the care of the dying, but also with patients undergoing treatment who have the potential to return to living normal lives," explained Dr. Mike Marks, Direct Relief’s Africa Medical Advisor.

Direct Relief has forged partnerships with the Foundation for Hospices in Sub-Saharan Africa (FHSSA) and the Hospice Palliative Care Association of South Africa to help provide needed resources. In Fiscal Year 2008, Direct Relief provided close to $1 million (wholesale) worth of material, representing 467,793 courses of treatment, to hospice partners in Kenya, South Africa, Uganda, and Zimbabwe.

These groups provide an array of home-based care services. In addition to caring for patients, they provide care for family members who may be watching over a sick loved one, as well as placement services and care for orphaned children. In the past year, hospice and palliative-care organizations have also begun furnishing antiretroviral drugs to patients with HIV/AIDS.

On May 15, 2007, Direct Relief participated in the launch of the Diana Legacy Fund, in San Diego, California. The charity, which honors the memory of the late Princess Diana, was established to help bring comfort and solace to the dying and their families in Sub-Saharan Africa. The Diana Legacy Fund supports the work of FHSSA. At the dedication ceremony, Direct Relief President and CEO Thomas Tighe spoke alongside Nobel Laureate Archbishop Desmond Tutu about the importance of palliative and hospice care in Africa.

Cornerstones of Recovery

Clinical officer training helps to rebuild Southern Sudan’s healthcare system

The graduates of the clinical officer training program in Southern Sudan are the cornerstones of recovery for the region’s health system, which has been decimated by decades of civil war.

The need for trained health workers in Southern Sudan is great: Almost 20 years of continuous war has left many of the surviving health professionals to flee the country. It is estimated there are only nine doctors for every 100,000 people. Clinical officers trained to provide diagnosis and treatment and conduct basic surgical procedures are helping to fill the void.

Direct Relief has joined with African Medical and Research Foundation (AMREF) to address Southern Sudan’s priority healthcare infrastructure needs. This year, Direct Relief committed $192,000 to sponsor 30 clinical officer students at the National Health Training Institute (NHTI) in Maridi. Students began their coursework in January 2008. The program is open to Sudanese nationals who have met preliminary health worker qualifications. Students from different ethnic groups and remote areas are actively recruited for the program, which pays for tuition, room and board, insurance, a personal stipend, and transportation. After completing the three-year course, graduates intern for a year at one of seven hospitals and are then required to work in their home communities for three years.

“The human resources for health crisis in Southern Sudan is severe,” says Dr. Peter Ngatia, AMREF Director of Capacity Building and Human Resources for Health Development. “In the next five years, it is projected that this country, which has known no peace since independence from Britain in 1956, will need 1,500 clinical officers—a tenfold increase of the current production of NHTI, the only clinical officer training school. We may not be able to achieve this, but with the generous support of Direct Relief we will double the production in the next two years.”

Maridi County Hospital, within walking distance of the training institute and also supported by AMREF, has the potential to become an ideal teaching facility for the students of NHTI, but it is woefully ill equipped. To help outfit the hospital and its satellite rural clinics, Direct Relief provided medical supplies, equipment, and pharmaceuticals worth $230,000 (wholesale) in November, including exam tables, hospital beds, otoscopes, stethoscopes, and autoclaves.


- Dr. Peter Ngatia, AMREF Director of Capacity Building and Human Resources for Health Development
The smell of cooking fills the air in the courtyard of the Angkor Hospital for Children (AHC) in Siem Reap, Cambodia, where patients’ relatives are preparing lunch under the watchful eye of a nutritionist. It is part healthy-cooking demonstration, part outdoor classroom, functioning as a cafeteria—all part of an innovative, comprehensive program to combat one of Cambodia’s most pressing health issues: malnutrition in children.

The U.N. estimates that 45 percent of children under the age of five in Cambodia are underweight and malnourished. AHC’s patients reflect this grim statistic. Common pediatric cases include dengue fever, dysentery, tuberculosis, HIV/AIDS, malaria, and intestinal parasites. But 66 percent of children are admitted for malnutrition and dehydration, with 10 percent of those cases severe and life threatening.

Established in 1999, the nonprofit AHC is a key resource of specialized pediatric care in a country with a disproportionately large number of young people. The hospital’s outpatient clinic treats 300 to 500 children a day. It has 24-hour emergency service, is one of two teaching hospitals in the country, and also provides inpatient care, intensive care, and surgical procedures. Staffed by Cambodians and visiting expatriate volunteer health professionals, the hospital has developed the nationally approved protocols for managing pediatric HIV/AIDS cases. Patients are treated for free if they cannot pay.

While AHC serves a crucial role in pediatric medical care, the nutrition program is aimed at reducing the need for medical intervention related to malnutrition. Direct Relief, in partnership with Abbott and AHC, is working to advance this goal. Since 2003, Direct Relief has provided more than $2 million (wholesale) in medical material support to the hospital, including Abbott-donated nutritional and rehydration products to complement the nutrition program, as well as anti-infectives, pharmaceuticals, and equipment that the hospital requested.

AHC’s staff includes a nutrition-education nurse, a demonstration cook, and a gardener. The AHC team has taught 3,000 families about better nutrition, trained 270 health professionals, and conducted health assessments for more than 135,000 children. AHC has trained numerous Cambodian medical, nursing, and management personnel, many of whom it now employs. Abbott provides medicines and nutritional supplements that help patients regain basic health and funds ongoing programs that teach families and children to grow, cook, and eat foods that will keep them healthy and well nourished.

As Cambodia rebuilds a health system, which was decimated by the Khmer Rouge regime, Angkor Hospital for Children has become a source of hope for improving pediatric care throughout the country.

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**Innovative Programs Feed Hope**

**Angkor Hospital for Children in Cambodia works to end rampant malnutrition**


– Manila Prak, Angkor Hospital for Children Nursing Education Coordinator

“ENOUGH FOOD WAS PROVIDED FOR ME AND MY GRANDCHILD, AND THE FOOD WAS MUCH BETTER THAN MY FOOD AT HOME: VEGETABLES, MEATS, FRUITS, AND DESSERTS. EDUCATION WAS GIVEN ABOUT MALNUTRITION SO I CAN FEED MY GRANDCHILD PROPERLY.”

– Sorn Rai, AHC patient and grandmother
Nineteen million people are estimated to have diabetes in Latin America and the Caribbean according to the International Diabetes Foundation, and that number is expected to double to 40 million by 2025.

As daunting as these statistics are, the day-to-day reality of living with diabetes in an area without adequate care is far worse. Fortunately, many health complications related to diabetes can be minimized or eliminated through early detection and changes in daily lifestyle.

In Bolivia—where 4.8 percent of the population is diabetic—the nonprofit El Centro Vivir Con Diabetes (CVCD) works at the forefront of diabetic care in the city of Cochabamba, where CVCD estimates 9.4 percent of adults are suffering from diabetes. For seven years, the clinic has focused on lifestyle education and nutritional counseling along with providing treatment for the most common diseases that accompany diabetes. By offering extensive health education and promoting healthy eating habits, the clinic works against the lifestyle trends that increase the incidence of diabetes. Outreach services strive for early detection and diagnosis, and the main clinic provides complimentary treatment for those who have developed related visual, neural, and circulatory problems.

Direct Relief has supported CVCD since its inception with primary care medicines and medical supplies that aid the treatment of diabetes-related conditions. Abbott has come to CVCD’s aid with blood glucose meters and test strips critical to early detection and monitoring, allowing for control of the disease through regular clinic visits and education. The company’s philanthropic foundation has also provided cash grants to bolster the clinic’s outreach services.

With this support, CVCD has gone mobile. Over 13,000 people have been screened for diabetes in eight of the nine major Bolivian cities by clinic staff in the last four years. Of those screened, CVCD discovered that 7.9 percent had previously undiagnosed cases of diabetes. Those diagnosed learned then how to properly manage their diabetes, and by living healthier lives, they have less impact on an already financially strapped public health system.

In addition to screenings, CVCD has distributed printed materials explaining diabetes management, conducted group and individual disease education using Abbott-contributed glucose meters and strips, and trained 604 health professionals (doctors, nurses, and pharmacists) on the latest diabetes detection and treatment methods.
Nonprofit, community-based health centers and clinics are the main point of access for health services for over 15 million U.S. residents. The majority of these patients have low incomes, and 40 percent have no health insurance. These centers and clinics are located in areas of high need, focus on prevention and primary care, and collectively constitute a significant portion of the country’s health safety net. Access provided by these health centers is essential for low-income people, and the care is cost-effective and serves larger public-health goals. Without these centers, already strained hospital emergency rooms often are the only alternative.

Among the many challenges that confront both health centers and their uninsured patients is access to prescription medications. In partnership with health centers, clinics, and healthcare companies, Direct Relief is addressing this challenge. The result is a rapidly expanding program through which Direct Relief provides medicines and resources to nonprofit clinical providers for the benefit of low-income, uninsured patients.

In Fiscal Year 2008, Direct Relief provided 3.5 million prescriptions (valued at $61 million wholesale) to more than 1,000 clinic sites in all 50 states. Having built a system for the efficient, reliable, and secure provision of needed medicines for uninsured patients, Direct Relief is working to further strengthen the safety net that catches the millions of working poor at risk of falling through the cracks.

The evolution of this domestic program also has highlighted the importance of involving health centers and clinics in emergency planning, preparedness, and response. Future efforts are aimed at expanding prescription assistance and improving emergency response coordination among clinics and health centers nationwide.
Injecting Resources Into Safety-Net Clinics

Providing insulin to Americans with diabetes

Diabetes is a chronic condition that affects about 5.5 percent of the U.S. population. At the nonprofit federally qualified health centers with which Direct Relief partners, the number jumps to 6.2 percent of all patients—over 900,000 people.

Patients at these health centers and clinics, in addition to having higher incidence of diabetes, also disproportionately live in poverty (over 54 percent, compared to 12.5 percent nationally) and lack health insurance (40 percent, compared to 15.3 percent nationally).

Direct Relief’s domestic program with partner clinics helps people stuck in the difficult situation of lacking either insurance or the means to obtain medications, including those needed for chronic conditions such as diabetes.

So when sanofi-aventis offered Direct Relief a donation of more than 17,000 cartridges of its insulin product Lantus, a medication commonly used to treat diabetes, it was a welcome contribution.

“With so many diabetic clients, this free offer is of tremendous assistance,” said Veronica Flores of the Sierra Health Center in Fullerton, California. “Thank you for your continuous support to ensure the health of underserved, indigent patients in our community.”

Across the U.S., Direct Relief provided 65 of its partner clinics—serving a combined 670,000 patients annually—with the donated insulin, valued at $520,000 (wholesale).

“I cannot begin to tell you how important this is to our clinic,” wrote Jean Diebolt, medical director at the Hope Project in Tenaha, Texas. “The nearest place for patients to get prescriptions filled is 10 miles away. Some of the patients do not have transportation or funds to afford the meds. If not for Direct Relief, some would be seriously ill and medically compromised. The help we give them with your donations means that they can stretch their housing and food money and don’t have to sacrifice or make a decision whether to eat or buy medications.”

Lantus is a temperature-sensitive product, which required Direct Relief to establish a partnership with a third-party shipper specializing in temperature-controlled delivery. The process is being developed in anticipation of broader support to resource-stretched safety-net clinics with sensitive medications, including vaccines.

“YOUR DONATIONS MEAN [OUR PATIENTS] DON’T HAVE TO SACRIFICE OR MAKE A DECISION WHETHER TO EAT OR BUY MEDICATIONS.”

– Jean Diebolt, Hope Project Medical Director, Tenaha, Texas
Ready

A proactive approach to hurricane response

Predictions indicated an active hurricane season in the United States this past year, citing as many as 10 potential hurricanes. For Direct Relief, the lessons of Hurricanes Katrina and Rita in 2005 were well learned: Emergencies can strike at any time, and preparation is the best defense.

Based on its past and continued work with Gulf Coast health center and clinic partners, Direct Relief developed a hurricane-preparedness module specifically designed to help clinics respond to the unique characteristics of hurricanes and other emergencies.

Sixteen partner health centers and clinics received these prepositioned modules. The sites were selected for their location, past experience with emergency response, patient populations, and capacity to treat victims during a disaster.

Stocked with enough materials to treat 100 patients for 72 hours, the modules help providers treat conditions ranging from basic trauma injuries to chronic illnesses. The contents of the modules can be easily merged into clinics’ regular inventories if not needed for emergency response.

The contents were chosen based on Direct Relief’s analysis of product shortages following Hurricanes Katrina and Rita, and in conjunction with the Texas Blue Ribbon Commission on Emergency Preparedness and Response, convened by Governor Rick Perry in the aftermath of Katrina.

“Typically, during the first 72 hours after a disaster, roads are damaged and clinics see surges in their patient loads, greatly complicating the ability of organizations like Direct Relief to assist first responders,” said Damon Taughert, Direct Relief’s director of domestic initiatives and coordinator of the organization’s response to Hurricanes Katrina and Rita.

By sending modules before an emergency strikes, delivery delays are eliminated and medical professionals have the tools they need to treat the many injuries that occur the minute the disaster hits. This preparation also lessens the burden on other area healthcare providers and first responders, including hospital emergency rooms.

Franklin Primary Health Center (FPHC), a hurricane module recipient, serves low income and underinsured patients in Mobile, Alabama. FPHC was in the path of last year’s most destructive storm, Hurricane Dean.

Charles White, CEO of FPHC, wrote, “Last month we observed the two year anniversary of Hurricanes Katrina and Rita, while Dean, another Category 5 storm, was threatening the Gulf of Mexico. Our preparation would not have been complete without your continued support and recent donation. We saw firsthand how invaluable your assistance was as we struggled to reopen our centers after Hurricane Katrina.”

Direct Relief will continue to distribute hurricane preparedness modules annually to support those providing care to the most vulnerable communities during an emergency.

EMERGENCY MODULES TO TREAT 100 PATIENTS FOR 72 HOURS INCLUDE AMONG MANY ITEMS:

- Antibacterial Biaxin tablets, glucose test strips and Pediasure for combating dehydration, all from Abbott
- Mobic tablets for pain management from Schering Plough
- EpiPenfor emergency epinephrine doses from Dey Laboratories
- Children’s Tylenol and Children’s Pain Reliever desserts from Schering Plough
- Metformin for diabetes treatment from Schering Plough
- Exam gloves
- Gauze bandages

“This has been a great benefit for our underserved patients. Thank you for what you do.”

– Valerie Powell, Lone Star Family Health Center, Conroe, Texas

“We were very fortunate to not have a hurricane last season. We distributed all of the supplies from the mobile unit for the first week of December 2007 to all of our clinics. The supplies and medications were used for patient care, nothing was wasted.”

– Pati Landrum, Southeast Mississippi Rural Health Initiative, Hattiesburg, Mississippi
Emergency Response

Emergencies strike resource-poor areas the hardest, quickly overwhelming already weak, financially strained health systems. Direct Relief targets these areas before emergencies take place, building relationships, protocols, and distribution channels that enable fast and efficient action when disaster strikes.

In times of emergency, Direct Relief moves quickly to supply local healthcare professionals with needed medical and financial assistance to ensure they continue providing care to those affected. Because local people are the first responders, have the most at stake, and will be there for the long run, targeting our assistance to them helps avoid the duplication of efforts, wasted resources, and logistical bottlenecks.

In Fiscal Year 2008, Direct Relief’s emergency response efforts provided health facilities with more than $14 million (wholesale) in emergency medical support and $1,221,000 in emergency cash assistance. These efforts involved more than 100 shipments and 23 cash grants to 18 partners in 14 countries on 4 continents, and provided 2 million courses of treatment to people struck by natural disasters and civil conflict.
Direct Relief’s sixty-year history includes a long tradition of rapid emergency response and a commitment to long-term recovery. Our founders’ first aid to war-torn Europe framed the organization’s mission. Help provided to refugees of the Korean War began over 40 years of assistance to the country. And more recently, Direct Relief’s work in the Gulf States in the aftermath of Hurricanes Katrina and Rita provided the foundation for a domestic program that supports the healthcare safety net throughout the entire U.S.

Direct Relief continued to aid those affected by World War II by providing relief parcels and financial assistance to affected communities in Austria, Estonia, Germany, Greece, Italy, Russia, and Yugoslavia. Aid was also extended to Chinese Civil War refugees in Hong Kong. At right, the first Direct Relief humanitarian provision arrives in China.

During the early 1980s, Cambodian refugees fled the Khmer Rouge, seeking sanctuary in Thailand (right). Millions lived in exile without adequate resources. Direct Relief provided extensive amounts of medical and nutritional products to health facilities and refugee camps.

In Fiscal Year 2008, Direct Relief supported Cambodian healthcare professionals with more than 800,000 courses of medical treatment, valued at over $2 million (wholesale). See page 10 for more on our recent work in Cambodia.

Direct Relief began assistance to Tibet in 1959, and later, at the request of the Tibetan Department of Health of the Government-in-Exile, established the Tibetan Refugee Tuberculosis Control and Primary Healthcare Program, supplying essential medicines to Tibetan refugee settlements throughout India and Nepal. In 1996, Direct Relief board member Jean Hay welcomed the Dalai Lama to Santa Barbara (left).
In response to the Tsunami that forever altered life for millions of people living on the shores of the Indian Ocean, Direct Relief provided $57 million in direct aid, including over $14 million in emergency cash assistance. Our aid continues to enable local health organizations to serve those who lost the most and have the most at stake in the long-term recovery.

With funding from Direct Relief, the Amrita Institute of Medical Sciences (AIMS) in southwestern India equipped a telemedicine van (left) to bring care to the many people too remote, sick, or displaced. Using video conferencing and real-time transmission of medical information to connect AIMS hospital staff with otherwise disenfranchised patients.

Working alongside long-time partners the Catholic Archdiocese of Lima and the Peruvian American Medical Society, Direct Relief responded to the August 15, 2007, 8.0-magnitude earthquake in Peru with $4.2 million (wholesale) in specifically requested emergency supplies.

The Peruvian Ministry of Health informed Direct Relief that the country was in need of Hepatitis B and rotavirus vaccines for the hardest hit populations. Together with Merck & Co., Inc., Direct Relief was able to deliver $1.8 million (wholesale) worth of vaccines for the immunization of children and adults (above).
AFRICA

**BOURUNI**

- Aynal Hospital and Roberts Emergency Clinic, Buyanfura
  - 2,071,896 lbs.

- Aungba Health Zone, Aungba
  - 2,062,800 lbs.

- Bujumbura Central Hospital, Bujumbura
  - 2,071,896 lbs.

- Victory International Ministries, Winneba
  - 37,366 lbs.

- BUMI Support Foundation, Bumi
  - 308,901 lbs.

**CAMEROON**

- Holy Trinity Foundation Hospital, Douala
  - 4,322 lbs.

- Ekona Hospital, Douala
  - 56,407 lbs.

- ECWA Women's Social Economic Development and Human Rights Organization, Nigeria
  - 3,218,487 lbs.

- South Africa
  - Total Wholesale Value: $24,278,211
  - Courses of treatment:
    - 8,457,448

**CAMEROON**

- Holy Trinity Foundation Hospital, Douala
  - 2,014,999 lbs.

- Patriotic Benefits Oriented, Douala
  - 2,014,999 lbs.

- Saint James Mission Hospital, Douala
  - 37,410,435 lbs.

- Fiscus Year 2008 Support
  - Total Wholesale Value: $23,929,196 lbs.

- Treatment of Courses:
  - 8,457,448 lbs.

- South Africa
  - 2,014,999 lbs.

- Villa Azul, Douala
  - 2,014,999 lbs.

- Aungba Health Zone, Aungba
  - 2,062,800 lbs.

- Bujumbura Central Hospital, Bujumbura
  - 2,071,896 lbs.

- Victory International Ministries, Winneba
  - 37,366 lbs.

- BUMI Support Foundation, Bumi
  - 308,901 lbs.

**DEM REPUBLIC OF CONGO**

- Sacred Heart Centre, Kumasi
  - 2,062,800 lbs.

- Ekona Hospital, Douala
  - 56,407 lbs.

- ECWA Women's Social Economic Development and Human Rights Organization, Nigeria
  - 3,218,487 lbs.

**ETHIOPIA**

- Addis Ababa Rural Hospital, Addis Ababa
  - 13,991,373 lbs.

- Addis Ababa Fistula Hospital, Addis Ababa
  - 7,978,170 lbs.

- Addis Ababa Rural Hospital, Addis Ababa
  - 13,991,373 lbs.

**GHANA**

- Tamale Hospital, Tamale
  - 308,901 lbs.

- Victory International Ministries, Winneba
  - 37,366 lbs.

- BUMI Support Foundation, Bumi
  - 308,901 lbs.

**BURUNDI**

- Aynal Hospital and Roberts Emergency Clinic, Buyanfura
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Wewak General Hospital, Loloma Foundation, Global Health Access Program, Christians Concerned for Burma, Reyes-Villanueva Medical Relief, Population Services Pilipinas Incorporated, Holy Rosary International Medical Mission, VIETNAM

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Latin America

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</table>

South Asia

<table>
<thead>
<tr>
<th>Country</th>
<th>Health Ministry</th>
<th>Hospital Infantil Manuel de Jesus Rivera,</th>
<th>Hospital Infantil Manuel de Jesus Rivera,</th>
<th>Hospital Infantil Manuel de Jesus Rivera,</th>
</tr>
</thead>
<tbody>
<tr>
<td>Afghanistan</td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>Bangladesh</td>
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<tr>
<td>Burma</td>
<td></td>
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<tr>
<td>China</td>
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</tr>
<tr>
<td>India</td>
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<tr>
<td>Nepal</td>
<td></td>
<td></td>
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</tbody>
</table>

USA

<table>
<thead>
<tr>
<th>Program</th>
<th>Website</th>
<th>Libraries</th>
<th>Clinics</th>
<th>Community health centers</th>
</tr>
</thead>
<tbody>
<tr>
<td>Medical Mission Box Program</td>
<td><a href="http://www.directrelief.org">www.directrelief.org</a></td>
<td>9,605 clinics</td>
<td>1,075 clinics</td>
<td>361 community health centers</td>
</tr>
</tbody>
</table>

Note: The document provides a list of medical organizations and their contributions to healthcare efforts around the world, including partnerships with various hospitals and clinics in different countries. It highlights the work of Direct Relief, an organization that provides medical supplies and equipment to healthcare providers in need. The text also mentions the importance of community health centers and the dedication of healthcare providers to keep low-income communities healthy.
Direct Relief International had a strong Fiscal Year 2008 in all areas of our activities and finances. We received $201.2 million in public support and revenue, and provided $213.94 million (wholesale) in assistance around the world. Direct Relief’s financial position and balance sheet continues to be strong thanks to steadfast support from our generous donors and Board of Directors.

Cash and In-Kind Contributions. Direct Relief’s financial statements must account for both cash and in-kind contributions (primarily medical material resources) that are entrusted to the organization to fulfill its humanitarian mission. In Fiscal Year 2008, 93.6 percent of our total public support and revenue of $201.2 million was received in the form of in-kind medical material and certain other donated services (such as transportation services from FedEx and online advertising from Google). The previous pages explain where and why these in-kind medical materials and other inventories were provided.

We recognize that merging cash and in-kind contributions in accordance with Generally Accepted Accounting Principles can be confusing to non-accountants. 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 generously donated to Direct Relief in 2008 by individuals, businesses, organizations, and foundations.

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 in-kind medical material contributions. Cash support—as distinct from the value of contributed goods—is used to pay for the logistics, warehousing, transportation, program oversight, program staff salaries, purchasing of essential medical products, acquisition of medical products through donations, and all other program expenses.

2008 Sources of Cash Support & Revenues: $12.9 million

<table>
<thead>
<tr>
<th>Cash</th>
<th>In-Kind</th>
</tr>
</thead>
<tbody>
<tr>
<td>188</td>
<td>$188.3m</td>
</tr>
<tr>
<td>121</td>
<td></td>
</tr>
<tr>
<td>63</td>
<td></td>
</tr>
<tr>
<td>83</td>
<td></td>
</tr>
</tbody>
</table>

2008 Support & Revenues: $201.2 million

<table>
<thead>
<tr>
<th>Cash</th>
<th>In-Kind Support</th>
</tr>
</thead>
<tbody>
<tr>
<td>6%</td>
<td>$12.9m</td>
</tr>
</tbody>
</table>

In-kind material donations are also 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 and inventory is reduced when the products are shipped to our partners.

Near the end of Fiscal Year 2007, for example, Direct Relief received a large infusion of product donations. When that fiscal year ended, the product inventories that had not been “spent” were reported as “spent.” In turn, this increase in net assets was carried forward and “spent” during the course of Fiscal Year 2008. This resulted in a decrease in net assets (or not operating “loss”) in Fiscal Year 2008 of $28.6 million which was primarily driven by a decrease in inventory as Direct Relief shipped $25.8 million more in humanitarian aid than it received in product donations.

Administrative Expenses. As explained below, the Direct Relief Foundation pays for all the administrative and fundraising expenses of the organization. In addition, our organization has adopted a strict policy to ensure that 100 percent of all designated contributions (e.g. donations for “Hurricane Katrina”) are used only on expenses directly related to that purpose. None of these funds are used to cover any pre-existing indirect or allocated organizational costs. We have used similar policies for all of our disaster responses in the last few years, including the Indian Ocean tsunami, Hurricanes Katrina and Rita, and earthquakes in Pakistan, Peru, and China.

Consistent with this policy, all administrative expenses, including banking and credit-card processing fees associated with simply receiving these disaster and other designated contributions, were absorbed by the Foundation. 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.

Valuation of In-Kind Medical Materials. Accounting standards require Direct Relief to use a “fair market value” to value in-kind medical materials. We continue to use the wholesale prices published by independent, third-party sources for valuation whenever possible. Specifically for pharmaceutical products, the source of and basis for product values are the “Average Wholesale Price” (AWP), which is published in Thomson Healthcare’s Redbook. For used medical equipment, the organization determines wholesale value by reviewing the price of similar equipment listed for sale in trade publications and on the Internet. 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 a conservative approach is best to instill public confidence and give the most accurate, easy-to-understand basis for our financial reporting.

Direct Relief Foundation and the Board-Restricted Investment Fund. In 1998, Direct Relief’s Board of Directors established a Board-Restricted Investment Fund (“BRIF,” sometimes characterized as a “quasi-endowment” in legal or accounting terminology) to help secure the organization’s financial future and provide a reserve for future operations. The BRIF, established with assets valued at $774,000, draws resources from Board-designated unrestricted bequests and gifts, returns on portfolio assets, and operating surpluses (measured annually) in excess of current operational needs. There was no operating surplus for the year ended March 31, 2008.

In October 2006, the Direct Relief Foundation was formed and incorporated in the State of California as a separate, wholly controlled, supporting organization of Direct Relief International. Effective April 1, 2007, assets in the BRIF were transferred to the Foundation. The Foundation’s investments are managed 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 financial operations.

The BRIF is authorized to distribute its portfolio assets to pay for all fundraising and administrative expenses of the organization, including extraordinary capital expenses, and to advance emergency disaster relief funding as determined by the President and CEO. Upon a majority vote by the Board, the BRIF may also be utilized to meet other general operational costs. Thus, in Fiscal Year 2008, 100 percent of all donations received by the organization were directed towards programmatic activities and costs.

For the fiscal year ending March 31, 2008, $2.1 million was distributed from the BRIF to cover fundraising and administration costs, as well as implementation costs for a new enterprise-resource planning platform.

As of March 31, 2008, the BRIF in the Foundation was valued at $463.5 million.

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.

THOMAS TIGGES
President & CEO

BHUPI SINGH
Executive Vice President & CFO
### Combined Statement of Activities (Direct Relief International & Direct Relief Foundation)

#### for the fiscal years ending March 31, 2008, and March 31, 2007

<table>
<thead>
<tr>
<th></th>
<th>2008</th>
<th>2007</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>$ IN THOUSANDS</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>PUBLIC SUPPORT &amp; REVENUE</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Public Support</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Contributions of goods and services</td>
<td>$ 188,332 93.6%</td>
<td>$ 201,823 82.6%</td>
</tr>
<tr>
<td>Contributions of cash and securities—California fires</td>
<td>743 0.4%</td>
<td>924 0.4%</td>
</tr>
<tr>
<td>Contributions of cash and securities—other disaster relief</td>
<td>133 0.1%</td>
<td>39,798 16.3%</td>
</tr>
<tr>
<td>Total Public Support</td>
<td>$ 199,761 99.3%</td>
<td>$ 242,563 99.3%</td>
</tr>
<tr>
<td><strong>Revenue</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Earnings from investments and other income</td>
<td>1,475 0.7%</td>
<td>1,776 0.7%</td>
</tr>
<tr>
<td>Total Public Support and Revenue</td>
<td>$ 201,236 100.0%</td>
<td>$ 244,339 100.0%</td>
</tr>
<tr>
<td><strong>EXPENSES</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Program Services</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Value of medical donations shipped</td>
<td>213,920</td>
<td>136,154</td>
</tr>
<tr>
<td>Inventory adjustments (expired pharmaceuticals, etc.)</td>
<td>2,430</td>
<td>7,649</td>
</tr>
<tr>
<td>Disaster relief—California fires</td>
<td>575</td>
<td>924</td>
</tr>
<tr>
<td>Disaster relief—other</td>
<td>6,643</td>
<td>4,182</td>
</tr>
<tr>
<td>Domestic programs</td>
<td>1,480 0.8%</td>
<td>824 0.4%</td>
</tr>
<tr>
<td>International programs</td>
<td>5,790</td>
<td>4,851</td>
</tr>
<tr>
<td>Total Program Services</td>
<td>$ 224,851 111.7%</td>
<td>$ 154,660 63.3%</td>
</tr>
<tr>
<td>Supporting Services</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Fundraising</td>
<td>1,234 0.6%</td>
<td>896 0.4%</td>
</tr>
<tr>
<td>Administration</td>
<td>1,746 0.9%</td>
<td>1,306 0.5%</td>
</tr>
<tr>
<td>Total Supporting Services</td>
<td>$ 2,980 1.5%</td>
<td>$ 2,202 0.9%</td>
</tr>
<tr>
<td><strong>TOTAL EXPENSES</strong></td>
<td>$ 227,831 113.2%</td>
<td>$ 156,862 64.2%</td>
</tr>
<tr>
<td><strong>INCREASE (DECREASE) IN NET ASSETS</strong></td>
<td>$ (26,595) -13.2%</td>
<td>$ 87,477 35.8%</td>
</tr>
</tbody>
</table>

### Combined Statement of Cash Flows (Direct Relief International & Direct Relief Foundation)

#### for the fiscal years ending March 31, 2008, and March 31, 2007

<table>
<thead>
<tr>
<th></th>
<th>2008</th>
<th>2007</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>CASH FLOWS FROM OPERATING ACTIVITIES</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash collected from public support</td>
<td>$ 10,628</td>
<td>$ 40,732</td>
</tr>
<tr>
<td>Cash paid for goods and services</td>
<td>(10,937)</td>
<td>(11,963)</td>
</tr>
<tr>
<td>Dividend and interest income</td>
<td>1,119</td>
<td>1,244</td>
</tr>
<tr>
<td>Other income (expense)</td>
<td>(5)</td>
<td>12</td>
</tr>
<tr>
<td>Net Cash Provided by Operating Activities</td>
<td>$ 805</td>
<td>$ 30,025</td>
</tr>
<tr>
<td><strong>CASH FLOWS FROM INVESTING ACTIVITIES</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Purchase of investments</td>
<td>(20,306)</td>
<td>(51,310)</td>
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<tr>
<td>Proceeds from sale of investments</td>
<td>21,281</td>
<td>17,147</td>
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<tr>
<td>Purchase of capital assets</td>
<td>(1,283)</td>
<td>(498)</td>
</tr>
<tr>
<td>Unrestricted distributions</td>
<td>(4)</td>
<td>(5)</td>
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<tr>
<td>Net Cash Used by Investing Activities</td>
<td>(312)</td>
<td>(34,666)</td>
</tr>
<tr>
<td><strong>CASH FLOWS FROM FINANCING ACTIVITIES</strong></td>
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<td></td>
</tr>
<tr>
<td>Payments on mortgage</td>
<td>(62)</td>
<td>(52)</td>
</tr>
<tr>
<td>Payments on capital lease obligation</td>
<td>(39)</td>
<td>(4)</td>
</tr>
<tr>
<td>Net Cash Used for Financing Activities</td>
<td>(71)</td>
<td>(66)</td>
</tr>
<tr>
<td><strong>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</strong></td>
<td>422</td>
<td>(4,697)</td>
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<tr>
<td>Cash and Cash Equivalents - Beginning of Year</td>
<td>3,177</td>
<td>7,874</td>
</tr>
<tr>
<td>Cash and Cash Equivalents - End of Year</td>
<td>$ 3,599</td>
<td>$ 3,177</td>
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### RECONCILIATION OF CHANGE IN NET ASSETS TO NET CASH PROVIDED BY OPERATING ACTIVITIES

<table>
<thead>
<tr>
<th></th>
<th>2008</th>
<th>2007</th>
</tr>
</thead>
<tbody>
<tr>
<td>Change in net assets</td>
<td>$ (26,595)</td>
<td>$ 87,477</td>
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### ADJUSTMENTS TO RECONCILE CHANGE IN NET ASSETS TO NET CASH PROVIDED BY OPERATING ACTIVITIES

<table>
<thead>
<tr>
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<th>2008</th>
<th>2007</th>
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</thead>
<tbody>
<tr>
<td>Depreciation</td>
<td>$ 250</td>
<td>$ 200</td>
</tr>
<tr>
<td>Change in inventory</td>
<td>(57,940)</td>
<td>(57,940)</td>
</tr>
<tr>
<td>Change in receivables</td>
<td>(112)</td>
<td>206</td>
</tr>
<tr>
<td>Change in accounts payable and accrued expenses</td>
<td>(635)</td>
<td>(54)</td>
</tr>
<tr>
<td>Loss on disposal of fixed assets</td>
<td>62</td>
<td>3</td>
</tr>
<tr>
<td>Realized gain on sale of investments</td>
<td>(1,112)</td>
<td>(1,189)</td>
</tr>
<tr>
<td>Unrealized loss on investments</td>
<td>(688)</td>
<td>716</td>
</tr>
<tr>
<td>Net Cash Provided by Operating Activities</td>
<td>$ 805</td>
<td>$ 30,025</td>
</tr>
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### Statement of Financial Position

#### as of March 31, 2008, and March 31, 2007

<table>
<thead>
<tr>
<th></th>
<th>2008</th>
<th>2007</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>ASSETS</strong></td>
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</tr>
<tr>
<td>Current Assets</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash and cash equivalents</td>
<td>$ 1,313</td>
<td>$ 2,286</td>
</tr>
<tr>
<td>Investments</td>
<td>5</td>
<td>43,441</td>
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<tr>
<td>Inventories</td>
<td>53,384</td>
<td>53,384</td>
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<tr>
<td>Other current assets</td>
<td>587</td>
<td>230</td>
</tr>
<tr>
<td>Total Current Assets</td>
<td>$ 55,289</td>
<td>$ 45,957</td>
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<tr>
<td>Other Assets</td>
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<td></td>
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<tr>
<td>Property and equipment</td>
<td>4,932</td>
<td>-</td>
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<tr>
<td>Remainder unitrusts</td>
<td>72</td>
<td>72</td>
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<tr>
<td>Pledged bequests</td>
<td>257</td>
<td>257</td>
</tr>
<tr>
<td>Other assets</td>
<td>17</td>
<td>17</td>
</tr>
<tr>
<td>Total Other Assets</td>
<td>$ 4,949</td>
<td>$ 329</td>
</tr>
<tr>
<td>Total Assets</td>
<td>$ 60,238</td>
<td>$ 46,286</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>2008</th>
<th>2007</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>LIABILITIES AND NET ASSETS</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Current Liabilities</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Payables and other current liabilities</td>
<td>$ 799</td>
<td>$ 799</td>
</tr>
<tr>
<td>Current portion of long-term debt</td>
<td>5</td>
<td>1,467</td>
</tr>
<tr>
<td>Total Current Liabilities</td>
<td>$ 804</td>
<td>$ 804</td>
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<tr>
<td>Other Liabilities</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Long-term debt</td>
<td>1,400</td>
<td>1,400</td>
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<tr>
<td>Capital lease obligation</td>
<td>8</td>
<td>8</td>
</tr>
<tr>
<td>Distribution payable</td>
<td>20</td>
<td>20</td>
</tr>
<tr>
<td>Total Other Liabilities</td>
<td>1,428</td>
<td>1,428</td>
</tr>
<tr>
<td>Total Liabilities</td>
<td>$ 2,332</td>
<td>$ 2,332</td>
</tr>
<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 (BRIF)</td>
<td>44,265</td>
<td>44,265</td>
</tr>
<tr>
<td>Undesignated</td>
<td>54,717</td>
<td>54,717</td>
</tr>
<tr>
<td>Total Unrestricted Net Assets</td>
<td>$ 54,717</td>
<td>$ 46,286</td>
</tr>
<tr>
<td>Temporarily restricted assets</td>
<td>3,289</td>
<td>3,289</td>
</tr>
<tr>
<td>Permanently restricted assets</td>
<td>25</td>
<td>25</td>
</tr>
<tr>
<td>Total Net Assets</td>
<td>$ 58,006</td>
<td>$ 46,286</td>
</tr>
<tr>
<td><strong>LIABILITIES AND 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 (BRIF)</td>
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<tr>
<td>Undesignated</td>
<td>54,717</td>
<td>54,717</td>
</tr>
<tr>
<td>Total Unrestricted Net Assets</td>
<td>$ 54,717</td>
<td>$ 46,286</td>
</tr>
<tr>
<td>Temporarily restricted assets</td>
<td>3,289</td>
<td>3,289</td>
</tr>
<tr>
<td>Permanently restricted assets</td>
<td>25</td>
<td>25</td>
</tr>
<tr>
<td>Total Net Assets</td>
<td>$ 58,006</td>
<td>$ 46,286</td>
</tr>
</tbody>
</table>

**Combined 2008**

**2007**
Financial Statements

1.0

In the fiscal year ending March 31, 2008, Direct Relief provided 2,353 shipments of humanitarian medical material including pharmaceuticals, medical supplies, and medical equipment. The more than 1,270 tons (just under 2,540,000 pounds) of material aid were furnished to local health programs in 59 countries, including the United States, and had a wholesale value of $215.9 million. The materials contained in these aid shipments were sufficient to provide 49.8 million courses of treatment.

In addition, the organization provided $2.15 million in the form of cash grants to dozens of locally run health programs in areas affected by the December 2004 Indian Ocean tsunami, the Pakistan earthquake of October 2005, the Southern California wildfires of 2007, the Peru earthquake of August 2007, the post-election violence of Kenya in December 2007, and various other partners providing health services in other non-disaster areas.

Expanding Assistance, Increasing Efficiency

In Fiscal Year 2008, for every $1 contributed and spent for our core medical assistance program (excluding emergency response), the organization provided $3.86 worth of wholesale medical material assistance. These program expenses totaled $5.48 million. The expenditure of these funds enabled Direct Relief to furnish $199.4 million worth (wholesale value) of medical material resources to 59 countries for the support of ongoing health needs.

The overall assistance furnished by Direct Relief in Fiscal Year 2008 was just over $236 million. Direct Relief received no governmental assistance. All resources were obtained from private sources.

In the fiscal year ending March 31, 2008, Direct Relief provided $36.39 worth of wholesale medical material assistance. These program expenses totaled $5.48 million. The materials contained in these aid shipments were sufficient to provide 49.8 million courses of treatment.

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

In addition to the core medical material assistance program, Direct Relief also provided financial assistance of $2.15 million through cash grants. The vast majority of those grants (approximately $1.3 million) were made from designated contributions received in this and past fiscal years for the Indian Ocean tsunami of 2004, the Pakistan earthquake of October 2005, the Southern California Fires of 2007, the Peru earthquake of August 2007, and the post-election violence of Kenya in December 2007.

The organization incurred $487,000 in tsunami cash expenditures this fiscal year, of which over $403,000 was in the form of cash grants to support essential recovery efforts conducted by local organizations in the affected countries and by colleague international nonprofit organizations. As of March 31, 2008, the organization had spent over 97 percent of the funds received for tsunami relief.

With funds received for the Pakistan earthquake of October 2005, the organization spent a total of $137,000, of which $127,000 was spent in the form of cash grants. As of March 31, 2008, the organization had spent over 99 percent of the funds received for this relief effort.

With Southern California wildfire-designated contributions, the organization incurred expenditures of $578,000, of which $565,000 was spent in the form of cash grants to health facilities and organizations providing direct health services to residents in the affected areas. As of March 31, 2008, the organization had spent over 77 percent of the funds received for this relief effort.

These activities were accomplished by a staff which, as of March 31, comprised 48 positions (40 full-time, 8 part-time). Measured on an full-time equivalent (FTE) basis, the total staffing over the course of the year was 41.5. 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.

Notes to the Financials

All financial statements presented in this report show both the results for Fiscal Year 2008 and those of Fiscal Year 2007 for comparison purposes.

Comparison to Previous Year’s Results

Leverage

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

In Fiscal Year 2008, Direct Relief’s cash expenditures on program activities totaled $10.93 million, $2.21 million of which 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 25 full-time and 5 part-time employees engaged in programmatic functions.

Program expenses also included:
- The value of disposed expired products ($32,000)
- Disposal costs for expired pharmaceuticals ($372,000)
- Contract services ($659,000, of which $372,000 was donated)
- 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 $87,000.
- $8,000 in advertising and marketing costs
- $67,000 in expenses directly related to fundraising events (of which $9,000 were donated goods for the events)
- $56,000 in travel and mileage-reimbursement expenses
- $335,000 in contract services (of which $232,000 were donated services from Google)
- $12,000 in supplies in support of the fundraising staff
- $7,000 in outside computer services related to fundraising
- A pro-rata portion of other allocable costs (see page 39)

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,” which falls under program costs.

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 $87,000.
- $8,000 in advertising and marketing costs
- $67,000 in expenses directly related to fundraising events (of which $9,000 were donated goods for the events)
- $56,000 in travel and mileage-reimbursement expenses
- $335,000 in contract services (of which $232,000 were donated services from Google)
- $12,000 in supplies in support of the fundraising staff
- $7,000 in outside computer services related to fundraising
- A pro-rata portion of other allocable costs (see page 39)

Direct Relief spent a total of $1.75 million on administration. As noted earlier, these expenses (other than donated services) were paid out of the assets of the Direct Relief Foundation. Administration is responsible for financial and human resource management, information technology, and general office management. A total of $1.03 million was for salaries, related benefits, and taxes for 10 full-time employees and 2 part-time employees engaged in administration and financial management. Increased administrative expenses are due to new investment in information technology and finance infrastructure, systems, and personnel.

Direct Relief spent a total of $1.23 million on resource acquisition and fundraising in Fiscal Year 2008. As noted earlier, these expenses (other than donated services) were paid out of the assets of the Direct Relief Foundation. A total of $811,000 was spent for salaries, related benefits, and taxes for 5 full-time employees and 1 part-time employee engaged in resource acquisition and fundraising.
Administrative expenses also included:

- $32,000 in credit card, banking, and brokerage fees
- $74,000 for duplicating and printing, of which $9,000 was spent on producing our Fiscal Year 2007 Annual Report
- $263,000 in consulting fees including information technology services ($86,000), management fees for invested assets ($98,000), and communication services ($46,000)
- $39,000 in accounting fees for the annual CPA audit, payroll processing and reporting, and other financial services
- $55,000 in legal fees, of which $47,000 was provided pro bono for legal representation related to general corporate matters
- $4,000 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 next page)

Direct Relief owns and operates a 40,000-square-foot warehouse facility that serves as its headquarters and leases another 23,000-square-foot warehouse. Costs to maintain these facilities 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 earlier 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 earlier. These costs are allocated based on the headcount devoted to the respective functions.

Executive Compensation: The compensation of the CEO and the CFO was paid entirely by the Direct Relief Foundation. The CFO’s compensation is allocated 100 percent to administration, and the CEO’s compensation is allocated 50 percent to administration and 50 percent to fundraising. The compensation of the Chief Operating Officer, who also served as the Vice President of Programs for the majority of Fiscal Year 2008, was allocated 70 percent to programs, 20 percent to administration, and 10 percent to fundraising.

“We work hard to wisely and efficiently manage the cash and material resources entrusted to us by our donors. 100% of all contributed dollars are devoted to programs.”

Bhupi Singh, Direct Relief International CFO
On the occasion of Direct Relief’s 60th anniversary, we recognize with deep thanks the following investors, whose generosity has enabled service to millions of people throughout the world.

Our Investors
If, however, we have misspelled your name, please let us know and we will include your name.

Mr. and Mrs. Ken R. Ziegler
Zhenjiang City Red Cross Hospital
Mr. and Mrs. Steven Zahm
Dr. Robert G. Williams
The Bagley Wright Family Fund
Mr. and Mrs. Walter Woronick
World Minerals
Mr. and Mrs. J. Taylor Woodward
The Thomas Henry Wilson and Family Foundation
Dr. Robert G. Williams
Ms. Teri J. Wielenga and Mr. Joseph Wielenga
Mr. and Mrs. Albert Wheelon
Mr. Arthur H. Westerfield
Ms. Marsha Wayne
Mr. John T. Waugh
Mr. Frederick Warren
46 Medical Action Industries
McNeil Consumer & Specialty
McKesson Medical-Surgical
Marlyn Nutraceuticals, Inc.
Major Pharmaceuticals, Inc.
Leiner Health Products
Hogil Pharmaceutical
Hi-Tech Pharmacal Company, Inc.
Havel's Incorporated
Goldmax Industries
FNC Medical Corporation
Fine Science Tools, Inc.
Fenwal, Inc.
evo Medical Solutions
Ethicon Endo-Surgery
E. Fougera & Company
Dey Laboratories
Cypress Pharmaceutical, Inc.
Bayer Corporation
Boehringer Ingelheim Cares Foundation
BD
Baxter International, Inc.
Auburn Pharmaceuticals
Alabama Outdoors
Aearo Company
MANUFACTURERS AND DISTRIBUTORS

We extend our heartfelt thanks to those who contributed $1,000 or more. We cannot include everyone who contributed.

Mr. and Mrs. Paul Poor
Westbay Services Center
Mr. and Mrs. Nancy Poor
Pleasant Valley Hospital
Mr. and Mrs. Martin H. Walker
Mr. and Mrs. Robert Hall
Mr. and Mrs. Bob Yant

LEGACY SOCIETY MEMBERS

Mr. and Mrs. Joseph Bleckel
Mr. Bob Yant
Mr. and Mrs. Mark D. Yancher

If you have a friend or relative who might be interested in Direct Relief, we would be grateful if you would mention it to them.

Throughout our history, a number of people have created an enduring legacy by making Direct Relief International a beneficiary in their will or from arrangements you may already have in place, or you may choose to use special gift planning tools that feature current tax savings, increased income, and other benefits.

Charitable giving can be an important way to maximize your estate planning strategy as well as to have a lasting impact on the lives of others less fortunate. A planned gift is also an important vote of confidence in the future of Direct Relief, helping to ensure that the organization will continue to improve the health and quality of life for people around the world for years to come. Charitable gifts can be made from your will or from arrangements you may already have in place, or you may choose to use special gift planning tools that feature current tax savings, increased income, and other benefits.

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Guiding Principles*

Serve People. Improve the health of people living in high-need areas by strengthening fragile health systems and increasing access to quality health care.

Lift from the Bottom. Pull from the Top. Working with world-class companies and institutions, bring resources to the most medically underserved communities.

Build Upon What Exists. Identify, qualify, and support existing healthcare providers over the long term and serve as a catalyst for other critically needed resources.

Remove Barriers. Create transparent, reliable, cost-effective channels to contribute and access essential medical resources (particularly medicines, supplies, and equipment).

Focus on Activities with High Impact on Health. Maternal and Child Health; Primary Care; HIV/AIDS and other Chronic Diseases; Emergency Response.

Play to Strengths. Partner for Other Needs. Engage in activities that address a compelling need, and align with our core competencies and areas of excellence. Ally with an expanded network of strategic partners who are working on related causes and complementary interventions in order to leverage resources.

Ensure Value for Money. Use technology to generate efficiencies, leverage resources, and maximize health improvement for people with every dollar spent. Maintain modest fundraising and administrative expenses.

Be a Good Partner and Advocate. Give credit where due, listen carefully, and respect those whom we serve and those contributing resources.

Respond Fast While Looking Ahead. In emergencies, support the immediate needs of victims by working with local partners best situated to assess, respond, and prepare for the long-term recovery.

Take the High Road. Deliver aid without regard to race, ethnicity, political or religious affiliation, gender, or ability to pay. Inspire participation by earning the trust and confidence of private parties and encouraging their participation in our mission.

* From Strategic Plan 2008 – 2012