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Addis Ababa Fistula Hospital, Ethiopia

For more information about The Fistula Foundation,
see page 13 and visit their website at www.fistulafoundation.org.



**This report
is dedicated to**

Sakeena Yacoobi –

For her commitment
to the women and
children of Afghanistan,
steadfast dedication to
work for those without a
voice, and unfailing courage
as she devotes herself to
the betterment of a greater
community in the face of
personal danger.

DEDICATION: SAKEENA YACOobi

Sakeena Yacoobi has dedicated her life to improving the lives of the women and children of Afghanistan. She founded the Afghan Institute of Learning (AIL) in 1995, first working in the Afghan refugee camps of Pakistan and then operating clandestine home schools for girls within Afghanistan under the Taliban regime. Ms. Yacoobi always has followed her convictions, believing that, “The women of Afghanistan are strong. If they get the opportunity to make something of themselves, they will.”

Afghan doctor performs a check-up at the Afghan Institute of Learning clinic in Kabul.



PHOTO: Linda Cullen

Staffed and run by Afghan women, AIL has expanded to include a network of health centers and mobile clinics that focus on maternal and child health, providing hundreds of thousands of people in remote villages with their only source of health care. Ms. Yacoobi developed and implemented the health and education programs of the organization and oversees all of the organization’s operations. Under her leadership, AIL has grown since the fall of the Taliban and now serves 300,000 women and children annually.

Direct Relief is honored to work in partnership with Sakeena Yacoobi and AIL, and it is our pleasure to dedicate this report to her. Her boundless compassion and intense commitment provide a beacon of hope for girls and women in Afghanistan and an inspiration to people around the world who face enormous challenges.



You may have noticed our new look...

Direct Relief International adopted a new brand mark, (above and soon, we hope, everywhere) which was unveiled at our Shareholders' Meeting on March 3, 2004. The brand mark was created by Lipson Alport Glass & Associates (LAGA), one of the world's leading brand and identity consultancies for Fortune 500 companies; LAGA donated all services at no charge.

To create our new brand mark or "identity," LAGA, in collaboration with its global branding network, International Design Partnership (IDP), donated eighteen months of free design work. The creative process, which spanned leading design firms in fourteen countries on four continents, updated our previous logo to better reflect the heart of our work.

The new identity has been thoughtfully designed to present a positive, professional, and global impression. The focal point is a humanistic depiction of a caduceus, symbolizing our medical roots. The forward movement of the symbol references the responsive nature of Direct Relief reaching out globally to people in need. Overlapping patchwork shapes serve as the backdrop for the mark to capture the multi-cultural, compassionate, and human dimension of our work. As a secondary and more literal meaning, the forms also relate to the packages containing medical supplies shipped around the world. The warm color palette creates an approachable yet bold presence, supporting Direct Relief's commitment of service and the efficacy of our mission.

We were honored to be selected for this exclusive *pro bono* project, and we thank the members of IDP and LAGA for their tremendous contribution and sharing their talent and passion. Given our finances, tight-fistedness, and other priorities, we would never have been able to pay for such services.

LETTER FROM THE PRESIDENT AND CEO

In our 56th year of operation, Direct Relief was able to provide more help to more people than at any time in our history. I am pleased to report that Direct Relief expanded our humanitarian medical assistance program by 37 percent, maintaining efficiency rankings at the top-tier of all U.S. nonprofit organizations, and completed the year in a stable financial condition. These results were particularly gratifying in a continuing difficult environment for privately funded nonprofit organizations.

The fact that Direct Relief was able to help more people obtain needed health care is rewarding. Regrettably, it also is a reflection of the tremendous and growing basic health needs that exist among people. In a perfect world, Direct Relief and our many colleague organizations worldwide would have a smaller role to play, not a larger one.

But, for millions of children and adults worldwide, poverty and poor health continue to reinforce each other – frustrating not only their individual ambitions and inherent potential, but those of the societies in which they live. The facts would be overwhelming and cause for pessimism were they not offset by the intensity of compassion, talent, and commitment that we are fortunate to witness every day.

In 2003, Direct Relief provided over \$93 million worth of medicines, equipment, and medical supplies to deserving partner organizations in 62 countries, including here at home in the United States. These critical materials were provided by almost 100 corporate supporters, including many of the leading pharmaceutical companies, who entrusted us with their products. Over 3,500 people, businesses, and foundations invested their hard-earned cash in Direct Relief to enable our organization to function. For each dollar of the \$3 million we spent, we were able to place nearly \$31 worth of medical materials in the hands of trained health professionals who had requested them. Beyond this financial value is the intrinsic value of thousands of such professionals being able to apply their training in their own countries and millions of patients receiving needed care that otherwise would be unavailable.

Every person who supports a nonprofit organization wants their money to be spent judiciously and productively. We understand and share that desire, inspired daily to be more efficient by knowing how many deserving people need help. I am pleased to report that those most intimately familiar with Direct Relief – our Board of Directors, led by Chairman Nancy Schlosser, and our International Advisory Board, chaired by Frank Magid – were the strongest supporters. Together, our Boards have made personal financial contributions in excess of \$800,000 – enough to cover nearly all fundraising and administrative expenses – while spending hundreds of hours in dozens of committee meetings sharing their knowledge, wisdom, and experience to strengthen the organization and expand our ability to help people who need it.

It is a privilege to assist people who may be less fortunate, but who are equally deserving of the chance to experience a healthy, productive life with all its wonders. We are deeply thankful to and inspired by the many supporters who made possible all the activities reflected in this report. I am pleased to share the results of our collective efforts in 2003, with the strong hope that each of you will stay involved.



THOMAS TIGHE
PRESIDENT & CEO

LETTER FROM THE CHAIRMAN

Direct Relief International came through the year of 2003 exceeding all expectations: more financial help, more medical donations, more people helped than ever before in a single year. We are pleased by the continued leadership of our CEO, Thomas Tighe. The committed staff of 23, plus 6 part-time employees that he has assembled, turn out more work than could be imagined. The Board of Directors has been determined and conscientious. Board gifts were sufficiently generous that they covered nearly all fundraising and administration costs – a fine comment on the dedication to our mission.

We are progressing well against our Strategic Plan. We have an involved and generous Advisory Board. All board members are fully informed on the program; our committees do serious, effective work; we have attracted highly talented board members.

“...Our goals for the future are challenging, but we move on with enthusiasm and confidence.”

Direct Relief International is receiving more national attention, with recent recognition by *Consumers Digest* as one of only five leading U.S. charitable organizations to receive 99 percent or better rating in efficiency in a 2003 survey of major U.S. charities. A second annual Shareholders' Meeting was held, briefing investors on our finances and humanitarian programs.

Our goals for the future are challenging, but we move on with enthusiasm and confidence. It has been an honor to serve as chairman, and I look forward to next year. Thank you all for your continuing support.



NANCY B. SCHLOSSER
CHAIRMAN

Local Health Solutions... Worldwide

Every person, in every country on earth, faces health risks and challenges, injuries and disease. In the United States, despite well-publicized gaps, most people receive good information about how to stay healthy and have access to at least basic services when needed. In developing countries, the challenges are greater, the resources fewer, and every day millions of people cannot receive health services they need – from scheduled checkups to emergency care, and everything in between.



A child receives an immunization at a health post in Senegal.

In developing countries, people confront both routine health risks – from accidents to child birth and common ailments, and risks stemming from communicable, tropical, or infectious diseases such as HIV/AIDS, tuberculosis, and malaria. People without money to pay for private health care must rely on charitable or publicly provided services, which often are severely limited because these institutions, too, lack resources.

Direct Relief recognizes the complexity of achieving better health for people around the world, and we focus on specific actions and places where we can make a real difference for people.

As a private organization, we believe that our best and most cost-effective contribution is to provide direct support to local, well-run health efforts with the appropriate tools. The local, trained health professionals in developing countries comprise the health infrastructure. Much has been invested in their training, and our work enables them to stay productively engaged. In turn, they are able to provide needed services to millions of people who otherwise would simply go without. Their efforts help retain and build an infrastructure for the future.

Deciding where to direct humanitarian aid is always challenging, since the demand is far greater than our own resources could possibly address. We make these decisions after considering several factors, including: the health, poverty, and development status of the area as measured by U.N. agencies; the skill level, capacity, reputation, and ethics of the local partner; the quality of preventive and public-education elements in addition to clinical services; and the viability of logistics and security channels.

Moreover, because women's and children's health is fundamentally important to a society's future well being, projects with this emphasis receive special priority and consideration.

The following pages describe where, and in what amounts, Direct Relief directed its material assistance in 2003. The highlighted programs are but a few of the hundreds that Direct Relief was honored to support during the year.

Our international partners

In 2003, Direct Relief International partnered with healthcare projects and facilities in 62 countries. Working together with these partners produced some impressive numbers: 717,285 pounds of medical material resources went out in 284 shipments with a total wholesale value of more than \$93 million. The pharmaceuticals, medical supplies, nutritional supplements, and medical equipment that were donated helped provide health care for an estimated 10.6 million people.

What these numbers do not tell is the human impact of this assistance: lives were saved, children returned to school, parents returned to work, and areas of the world where health care is in short supply were made more productive.

Here is an overview of our work in 2003.

A young girl in the Democratic Republic of Congo



AFGHANISTAN

Total Wholesale Value: \$215,370

Total Weight: 2,433 lbs.

Afghan Institute for Learning – Kabul, Jalalabad, and Herat

Macroryan Medical Clinic – Kabul

The Macroryan School and Orphanage in Kabul is a day care center and kindergarten that cares for over 600 orphans and children from ages three to six years old. Built during the Soviet occupation, the Macroryan School is in the middle of an apartment complex that is home to approximately 10,000 people. The return of the international community dramatically drove up housing costs in Kabul, a city already experiencing a severe shortage of housing, so complexes like this one have become extremely overcrowded.

With help from Direct Relief, made possible by a grant from the Dorothea Haus Ross Foundation, the four-room Macroryan Medical Clinic was built on school grounds to provide health services for students as well as the surrounding community. Two Afghan physicians and a medical assistant operate the small clinic. Along with a cash grant to help build the facility, Direct Relief provided the supplies necessary to equip and stock the clinic, such as an exam table, sterilizer, blood pressure units, stethoscopes, IV sets, minor surgical instruments, topical disinfectants, bandages, oral

rehydration salts, antibiotics, analgesics, children's multivitamins, and anti-worm medicine. Through this clinic and our continued partnership, the school children and their families will continue to have access to quality medical services.

ARMENIA

Total Wholesale Value: \$54,951

Total Weight: 1,624 lbs.

Public Hospital #8 – Yerevan

BAHAMAS

Total Wholesale Value: \$690

Total Weight: 171 lbs.

George Town Clinic – George Town

BELIZE

Total Wholesale Value: \$43,363

Total Weight: 1,009 lbs.

Mercy Care Center – Belize City

BHUTAN

Total Wholesale Value: \$13,872

Total Weight: 161 lbs.

Jigme Dorji Wangchuck National Hospital – Thimphu

A mother and child in Bhutan





Staff from the Direct Relief-supported Rio Beni Health Project collaborate with local health authorities in Rurrenabaque, Bolivia.

BOLIVIA

Total Wholesale Value: \$1,253,867

Total Weight: 21,921 lbs.

Global Links Projects in Bolivia – La Paz

Honorable Alcaldia de Minerero – Santa Cruz de la Sierra

Papelpampa Clinic – Papelpampa

Rio Beni Health Project – Rurrenabaque

Vivir con Diabetes Clinic – Cochabamba

The prevalence of diabetes is growing quickly worldwide, placing the disease in the forefront of global public health concerns. Diabetes is debilitating to an individual, adversely affects family members, and adds pressure to strained healthcare systems. According to the World Health Organization, medical expenditures for diabetics are two to three times greater than for non-diabetics. Education about the disease has been proven to reduce “unnecessary mortality and morbidity” (PAHO), but many countries, including Bolivia, lack the funds to provide a government-sponsored, targeted diabetes program.

The Vivir con Diabetes Clinic, located in Bolivia’s third largest city of Cochabamba, is dedicated exclusively to providing integrated health care for children and adults with diabetes. Along with clinical support, the facility provides lifestyle education and nutrition counseling to help control the disease and prevent complications, such as visual, neural, and circulatory problems. Direct Relief has supported the clinic’s efforts with

items such as laboratory equipment, antibiotics, and donated by Johnson & Johnson, Spanish-language educational posters, 60 glucose monitors, and over 100,000 test strips. The clinic’s integrated approach includes partnering with organizations such as the Pan American Health Organization (PAHO), the Ministry of Health, and Rotary International. Direct Relief is honored to be involved in this integrated approach in the fight against the spread of diabetes in Bolivia.

BOSNIA-HERZEGOVINA

Total Wholesale Value: \$330,986

Total Weight: 2,486 lbs.

Caritas Specialty Clinic – Banja Luka

BRAZIL

Total Wholesale Value: \$50,243

Total Weight: 5,124 lbs.

Asociación Obras Social Irma Dulce – Salvador

BULGARIA

Total Wholesale Value: \$646,964

Total Weight: 13,695 lbs.

Multiprofile Hospital “Jivot” – Krumovgrad

Municipal Hospital “R. Angelova” – Pernik

Specialized Hospital for Active Treatment – Tran

St. Ivan Rilski Hospital – Gorna Oryahovitsa



A Cambodian boy receives follow-up care in his village through Angkor Hospital's outreach program.

BURUNDI

Total Wholesale Value: \$107,856

Total Weight: 3,848 lbs.

Jabe Hospital and Rohero Emergency Clinic – Bujumbura

CAMBODIA

Total Wholesale Value: \$9,113,512

Total Weight: 29,531 lbs.

Angkor Hospital for Children – Siem Reap

Under the Khmer Rouge, many Cambodian health facilities were destroyed and countless medical professionals were either killed or escaped to the West, never to return. After decades of conflict, only a handful of medical professionals remained in the country, and the medical education system lacked qualified teachers and a strong curriculum. Approximately 52 percent of the twelve million people in Cambodia are under the age of eighteen; for parents, finding a trained healthcare provider for their children can be impossible.

Angkor Hospital for Children in Siem Reap was founded in 1999 to provide services to the children in northern Cambodia who historically have had very little access to health care. This 50-bed hospital provides outpatient and inpatient services, basic surgery, 24-hour emergency care, and serves an estimated 5,000 children each month. In addition, the hospital provides hands-on pediatric training to Cambodian healthcare workers. When the hospital first opened, Cambodian doctors and nurses worked one-on-one with volunteer doctors and nurses from countries such as the U.S., Canada, and Great Britain. Today, these same Cambodian doctors and nurses are training their junior colleagues. Direct Relief's

assistance has included items such as an incubator, exam lights, pediatric stethoscopes, neonatal blood pressure cuffs, antibiotics, burn dressings, and – one of their most-needed items – a one-year supply of nutritional supplements for malnourished children.

Mongkul Borei Hospital – Mongkul Borei

Sihanouk Hospital Center – Phnom Penh

CAMEROON

Total Wholesale Value: \$273,791

Total Weight: 14,636 lbs.

Fraternity Medical Center – Buea

Mamfe General Hospital – Mamfe

Youth Development Foundation – Yaounde

CHINA

Total Wholesale Value: \$50,854

Total Weight: 362 lbs.

Binhai County People's Hospital – Binhai

Shangye Charity Hospital – Ganzi County

Tibetan Healing Fund – Kumbum

Zhuwo Central Clinic – Zhuwo Township

CONGO, D.R.

Total Wholesale Value: \$741,489

Total Weight: 26,135 lbs.

Boma Ophthalmic Hospital – Boma

Centre Hospitalier et de Diagnostic Medical – Kinshasa

Diocese of Kilwa-Kasenga – Kilwa

St. Kizito Health Care Center – Ilebo

CUBA

Total Wholesale Value: \$9,401

Total Weight: 103 lbs.

Cuba Para Cristo – Havana

Hospital Juan Manuel Marquez – Havana

Martin Luther King Center – Havana

DOMINICAN REPUBLIC

Total Wholesale Value: \$886,989

Total Weight: 16,452 lbs.

Bra Dominicana – Santo Domingo

Health Care Education Partnership – Santo Domingo

Patronato Benefico Oriental, Inc. – La Romana

Approximately 28 percent of the Dominican Republic's population suffers from malnutrition and associated illnesses. In the city of La Romana, the Patronato Benefico Oriental serves the population most vulnerable to these illnesses – children living in poverty. Over 10,000 children, from newborns to age 17, annually receive medical and dental services at this large children's project whose services also include day care, a primary school, a vocational school, and tutoring for children who are deaf, unable to speak, or blind. The availability of day care services enables the Dominican and immigrant Haitian parents of these children to earn a salary of approximately \$30 per week as free trade zone laborers or domestic servants. Direct Relief's assistance of multivitamins, antibiotics, analgesics, antiparasitic medicines, and first aid supplies will strengthen the clinic's ability to address many of the pressing health issues affecting some of the poorest children of the Dominican Republic.

ECUADOR

Total Wholesale Value: \$32,927

Total Weight: 123 lbs.

Medical Aid to the Ecuador Amazon – Palora

Pastaza Health Programs – Pastaza

EL SALVADOR

Total Wholesale Value: \$4,351,470

Total Weight: 44,766 lbs.

AJWS Projects in El Salvador – San Salvador

Clinica Maria Madre de los Pobres – San Salvador

El Salvador, Central America's smallest country, is still struggling to regain social and political stability after signing peace accords in 1992 with long-established guerilla factions. In the slums of the capital city of San Salvador, Maria Madre de Los Pobres Medical Clinic works to serve the poorest of this struggling community. Infant and child mortality rates are high, due mainly to poor nutrition, inadequate perinatal care, and acute respiratory problems. The clinic focuses on providing primary health care, dental services, eye exams, and psychological care to the many indigent residents living in the area surrounding the facility. The clinic's extremely limited budget greatly restricts the quantity and variety of medical products available, and bare pharmacy shelves are common. Direct Relief provided antibiotics, antiparasitic agents, analgesics, and other primary care medicines to help stock the clinic, allowing patients to receive critically-needed medications for acute and chronic health problems.

A girl looks on while her mother receives care at a FUEDEM clinic in San Salvador, El Salvador.





A young girl is comforted by her friend in the hospital dormitory at Addis Ababa Fistula Hospital, Ethiopia.

Comite de Reconstruccion y Desarrollo Economico – Suchitoto

Fundacion Nuevos Horizontes Para Los Pobres – Ciudad Delgado

Fundacion Salvadorenna (FUSAL) – Antiguo Cuzcatlan

O.E.F. de El Salvador – San Salvador

Salvadoran American Humanitarian (SAHF) – San Salvador

Salvadoran American Humanitarian (SAHF) Foundation – San Salvador

Secretaria Nacional de la Familia / FUDEM – San Salvador

ESTONIA

Total Wholesale Value: \$952,674

Total Weight: 14,686 lbs.

Nursing Home Consortium – Parnu

ETHIOPIA

Total Wholesale Value: \$352,727

Total Weight: 12,208 lbs.

Addis Ababa Fistula Hospital – Addis Ababa

Five percent of all pregnant women worldwide encounter complications in labor. In the U.S. and Europe, most of these women are successfully treated and return home. In Ethiopia, because of a lack of

trained physicians in this field and few accessible hospitals, these women suffer from a very long, difficult, and obstructed labor, which can last for days. These extremely arduous labors often end in stillbirths and cause severe damage to the vagina, bladder, and rectum, resulting in a fistula or opening between one or more of these areas. Women left untreated are in constant pain and suffer excruciating embarrassment. They become outcasts in their society because of continuous and uncontrollable leaking and offensive odor.

The Addis Ababa Fistula Hospital was established in 1974 by Drs. Reginald and Catherine Hamlin and provides surgery for more than 1,200 victims of obstetric fistula every year, curing more than 90 percent of the treated women. With the support of Johnson & Johnson and the American Friends Foundation for Childbirth Injury, Direct Relief was able to furnish the Fistula Hospital with Serenity Pads, sutures, antibiotics, analgesics, and other products to assist in the treatment of the women who come to the hospital for help.

Free Methodist World Mission Health Center – Addis Ababa

FIJI

Total Wholesale Value: \$1,800

Total Weight: 50 lbs.

Savu Savu Hospital – Savu Savu

GEORGIA

Total Wholesale Value: \$119,502

Total Weight: 10,232 lbs.

Central Children's Hospital – Tbilisi

Counterpart – Tbilisi

GHANA

Total Wholesale Value: \$236,092

Total Weight: 8,777 lbs.

Abura Clinic – Abura

Dr. J.C. Sam's Children's Clinic – Obuasi

Jehovah Rapha Health Care Foundation – Motoka

Korle-Bu Teaching Hospital – Accra

Maranatha Maternity & Clinic – Kumasi

GRENADA

Total Wholesale Value: \$212,207

Total Weight: 11,627 lbs.

St. Vincent De Paul Society – St. Georges

GUATEMALA

Total Wholesale Value: \$10,097,624

Total Weight: 20,079 lbs.

Adonai International Ministries – Canilla

Agros Foundation Clinics – El Quiche

Caritas Arquidio Cesana – Guatemala City

Caritas de Guatemala – Guatemala City

DOCARE International Mission – San Andres Itzapa

Llano Verde Clinic – Guatemala City

Ministerio de Salud Publica y Asistencia Social – Tucuru

Unidas Para Vivir Mejor (UPAVIM) – Guatemala City

According to the Pan American Health Organization, 75 percent of Guatemala's population lives in poverty. The lack of easy access to clean water and the improper handling of waste have led to high rates of disease and malnutrition. The small UPAVIM Medical Clinic, located in the densely populated and impoverished squatter settlements around Guatemala City, serves over 3,600 patients annually in an effort to address the pressing health concerns of this underserved population. The clinic was established in 1988 and specializes in the medical treatment and special needs of the women who live, work, and raise children under extremely difficult conditions. Direct Relief's assistance included exam-room equipment,

antibiotics, dermatological agents, antiparasitics, nutritional supplements, and first aid supplies. With assistance from Rotarians from the Atascadero Rotary Club and Guatemala City South Rotary Club, the clinic also established a bakery that employs local residents and generates needed operating revenue for the clinic.

GUYANA

Total Wholesale Value: \$1,252,231

Total Weight: 13,712 lbs.

Bartica Hospital – Bartica

Berbice River Healthcare Project – Georgetown

Bushlot Health Center – Bushlot Village

Canal & La Grange Health Centers – La Grange

Christianburg & One Mile Health Centers – Wismar

Crabwood Creek Health Center – Crabwood Creek

Cumberland & Fyrish Health Centers – Canje

Davis Memorial Hospital – Georgetown

Kabakaburi & Wakepoa Health Post – Tapakuma

Linden Hospital – Linden

Moraikobai Hospital – Moraikobai

Three hours inland through Guyana's rainforest along the Mahaicony River lies the remote community of Moraikobai, home to the majority of the country's Amerindian population. Since the majority of Guyana's health facilities are located along the populated coast of the country, this inland community is left with little access to health care and with high rates of communicable diseases and nutritional deficiencies. Guyana, a sparsely populated country with just over 750,000 people that is situated on the northeastern coast of South America, also has been particularly hard hit by the "brain drain," which has been occurring for decades as Guyanese doctors and nurses leave for better pay and working conditions in other countries.

The small, four-room Moraikobai Hospital is the primary healthcare facility for the Amerindian villages within 100 miles of Moraikobai. The facility is staffed by three nurses, one Peace Corps volunteer, and a Medex, who has a level of training between a nurse and a doctor. Amerindians have the highest rates of low-birth-weight babies, malaria, and malnourished children in the country. Direct Relief has supported Moraikobai Hospital's efforts to combat these problems with assistance including a new exam/delivery table, inpatient beds, surgical instruments, exam gloves, quinine to treat malaria, multivitamins, and antibiotics.

New Amsterdam Hospital – New Amsterdam
Port Mourant Hospital – Port Mourant
St. Joseph’s Mercy Hospital – Georgetown

HAITI

Total Wholesale Value: \$9,334,594
Total Weight: 38,881 lbs.

Arcachon Hospital – Port-Au-Prince
Ebenezer Hospital – Gonaïes
Ministry of Health – Port-Au-Prince
New Hope Ministries – Cap Haitien
Project Haiti – Cap-Haitien
St. Ignatius Medical Mission – Beaumont
St. Jules Medical Clinic – Bourg du Borgne

HONDURAS

Total Wholesale Value: \$1,268,023
Total Weight: 18,928 lbs.

Baja Project for Crippled Children – Tegucigalpa

Galindo Clinic – Punta Gorda
Escuela Agricola Panamericana Zamorano – Tegucigalpa
Hacienda Cristo Salva – Santa Barbara
Honduran Health Exchange / C.P.T.R.T. – Tegucigalpa
Iglesia Episcopal Hondurena – San Pedro Sula
Nicaraguan Children’s Fund – La Ceiba
Nuestros Pequeños Hermanos Honduras – Comayagua

INDIA

Total Wholesale Value: \$902,231
Total Weight: 18,829 lbs.

Aravind Eye Hospital – Madurai
Good Samaritan Social Service Society – Dindigul
Hyderabad Eye Institute – Hyderabad
Rajkot Voluntary Blood Bank – Rajkot
Shree Bidada Sarvodaya Trust – Bidada
Sonada Tibetan Refugee Settlement – Sonada
Venu Charitable Society – New Delhi

INDONESIA

Total Wholesale Value: \$34,970
Total Weight: 1,558 lbs.

Hobawawi Medical Clinic – Desa Rua

IRAN

Total Wholesale Value: \$333,793
Total Weight: 6,288 lbs.

Red Crescent Society of Mazandaran Province – Bam

A Guyanese boy at Direct Relief-supported New Amsterdam Hospital, Guyana



PHOTO: Kelly Darnell

EFFICIENCY:

Consumers Digest rated Direct Relief as one of only 5 leading U.S. charities with 99 percent or better efficiency (November 2003 edition).

IRAQ

Total Wholesale Value: \$12,325,595

Total Weight: 42,488 lbs.

Children's Dental Project (Babil) – Al Hillah

Erbil Children's Hospital – Erbil

Freedom and Peace Trust – Baghdad, Basra, and Nazirieh

Years of sanctions, combined with the looting of hospitals at the outbreak of the war, left the healthcare system in Iraq in a state of collapse. With a high prevalence of post-traumatic stress syndrome in the general population, identifying and treating patients with mental disease has become a major public health priority. Progress, however, has been limited with only a few dozen trained psychiatrists in Iraq.

The Freedom and Peace Trust, an American nonprofit organization led by Waseem Kabbara, works to establish community mental health rehabilitation centers staffed by linguistically and culturally versed social workers and psychiatrists. In its initial post-war request, the Trust sought pharmaceuticals for clinicians to provide therapy and counseling and general supplies to rebuild facilities. Direct Relief, responding to the specific needs of its partners, supplied psychotherapeutic agents, including Risperdal, Paxil,

and the anticonvulsant Phenytoin, examination tables, antibiotics, analgesics, high-grade surgical instruments, children's and adult multivitamins, a Johnson & Johnson disaster module consisting of first aid supplies, and desperately-needed burn and wound dressings for the only burn center in Iraq. These products were distributed to children's hospitals, general hospitals, and mental health facilities in Baghdad, Nazirieh, and Basra. Members of the U.S. Congress twice hand-carried Direct Relief assistance shipments to Iraq while traveling on official Congressional Delegation visits in 2003.

Ibn Al Nafis Hospital – Baghdad

Saint Raphael Hospital – Baghdad

JAMAICA

Total Wholesale Value: \$8,733,159

Total Weight: 38,038 lbs.

Falmouth Hospital – Falmouth

Food for the Poor – Spanish Town (Kingston)

Jamaica Humanitarian Dental Mission – St. James

Jamaica Partners – Ocho Rios

Missionaries of the Poor – Kingston

A mother and child wait for care at a Direct Relief-supported clinic in Iraq.





A boy recovers at the Direct Relief-supported Angkor Hospital for Children in Cambodia.

JORDAN

Total Wholesale Value: \$13,789

Total Weight: 695 lbs.

Ruwaished Refugee Camp – Ar Ruwaished

KENYA

Total Wholesale Value: \$343,126

Total Weight: 12,140 lbs.

Matata Nursing & Maternity Hospital – Oyugis

Nyumbani Orphanage/Children of God Relief Inst. – Nairobi

Tumaini Catholic Community Health Program – Isiolo

Waso Medical Services – Isiolo

KYRGYZSTAN

Total Wholesale Value: \$258,035

Total Weight: 7,160 lbs.

Children’s Rehabilitation Center “Altun-Balaluk” – Issykul Lake

LAOS

Total Wholesale Value: \$95,905

Total Weight: 4,602 lbs.

Muang Sing Hospital – Muang Sing

Nalae District Hospital – Nalae

LEBANON

Total Wholesale Value: \$337,090

Total Weight: 5,262 lbs.

United Nations Relief & Works Agency – Beirut

LIBERIA

Total Wholesale Value: \$1,915,833

Total Weight: 9,882 lbs.

Benson Charity Hospital – Monrovia

ELWA Hospital – Monrovia

Years of civil war have left Liberia’s medical infrastructure severely damaged and the government’s ability to provide access to medical care greatly restricted. Fighting broke out again in 2003 and over 450,000 displaced Liberians relocated to the capital city of Monrovia. Most hospitals were shut down due to looting and were subsequently unable to provide services. ELWA Hospital is one of the very few facilities in the country that has continued to provide care under extraordinarily difficult circumstances. A 40-bed hospital about a half-hour outside Monrovia, ELWA Hospital is staffed entirely by Liberians, except for Dr. Rick Sacra, a family practitioner from Massachusetts, who has worked at the facility since 1995. Direct Relief has partnered with Project Momentum to bring assistance to ELWA and other health facilities in and around Monrovia. Support has included antibiotics, analgesics, gloves, tape and gauze, and ophthalmic and otic drops.

MALAWI

Total Wholesale Value: \$399,310

Total Weight: 13,436 lbs.

Queen Elizabeth Central Hospital – Blantyre

MARSHALL ISLANDS

Total Wholesale Value: \$14,384

Total Weight: 1,024 lbs.

Ministry of Health – Majuro

The Republic of the Marshall Islands, located in the central Pacific, has a population of approximately 50,000 people who live on 29 coral atolls and five small low-lying islands. Over the past twenty years, the few urban centers in the Marshall Islands have experienced high population growth and extremely crowded living conditions, resulting in an increase of infectious diseases and malnutrition. The government of the Marshall Islands, with the assistance of the World Health Organization, has been working to address some of the country's health challenges by training native Marshallese health professionals, strengthening community healthcare programs, upgrading the quality of medical care, and increasing the dissemination of health information to the public.

Direct Relief, which previously provided medical supplies and equipment to the main public hospital in the capital city of Majuro, received a special request from the Ministry of Health for dental products in support of a new national dental health and education

program. Dental professionals and educators visit primary schools throughout the country to screen students for dental problems, apply sealants when electricity is available, and teach children about the importance of dental hygiene. Without a supply of toothbrushes and toothpaste, however, the Ministry's education efforts would be ineffective. Direct Relief donated 5,000 toothbrushes, 3,216 tubes of toothpaste, and three puppets designed for dental hygiene education to the new program. Thousands of Marshallese children will now have healthier gums and brighter smiles.

MEXICO

Total Wholesale Value: \$677,853

Total Weight: 8,682 lbs.

AeroMedicos of Santa Barbara – Cadeje

Casa Clinica Convivencia Campesina – Las Varas

Centro de Salud Todos Santos – Todos Santos

**Christian Medical and Dental Association –
Guadalupe**

City of Angels Orphanage – Tijuana

Clinica de Maruata – Maruata

Dispensario de Ayuda Social, A. C. – Atizapan

Hendido del Club Rotario – Las Flores

Juarez Eye Center – Ciudad Juarez

LIGA International – Mazatlan

Mexican Medical – Tijuana

Potter's Clay – Ensenada

**Unidad Medica Rural de San Juan Numi –
San Juan de Numi**

Women with a Purpose – Tijuana

NICARAGUA

Total Wholesale Value: \$4,041,610

Total Weight: 15,217 lbs.

American Nicaraguan Foundation – Managua

Companeros de las Americas – Managua

Nicaraguan Children's Fund – Puerto Cabezas

NIGERIA

Total Wholesale Value: \$64,039

Total Weight: 285 lbs.

Antof Rural Resource Center – Oron

Diana French Hospital – Okigwe

PAKISTAN

Total Wholesale Value: \$255,983

Total Weight: 4,023 lbs.

Bethania Hospital – Sialkot

ACCOUNTABILITY:

Direct Relief International meets the Better Business Bureau (BBB) Wise Giving Alliance's "Standards for Charity Accountability." The Alliance reports on national charities and determines if they meet voluntary standards on matters such as charity finances, appeals, and governance. See www.give.org.

PERU

Total Wholesale Value: \$4,131,796

Total Weight: 58,661 lbs.

Arzobispado de Lima – Lima

Caritas del Peru – Lima

Hospital Apoyo Puquio – Puquio

Hospital Regional de Ayacucho – Ayacucho

Hospital Regional Docente de Trujil – Trujillo

I.S.P.T.R. / P.A.R.D. – Iquitos

For over twelve years, Direct Relief has supported this outpatient clinic in the Amazon basin, providing medical goods valued at over \$1 million to supply the clinic and community health workers, health facilities, and orphanages in Peru's Amazon Basin. The clinic was founded by the International Society for the Preservation of the Tropical Rainforest (ISPTR), which has a research camp located on the Yarapa River, 150 kilometers upriver from the northern Peruvian city of Iquitos. Now staffed by two part-time Peruvian physicians as well as community health workers, traditional healers, and a nutritionist, the clinic is the only medical facility providing healthcare services to the local Amerindian population from over 20 river-based communities.

The isolation of the region and lack of access to external markets has left the community without the ability to procure pharmaceuticals and supplies. Serious health threats pervade this isolated and medically underserved population including

malaria, leishmaniasis, and malnutrition. Other common health problems include anemia, diarrhea, dehydration, parasites, fungal infections, skin rashes, and conjunctivitis. Direct Relief's assistance has included antifungal agents, anti-malarial agents, adult and pediatric vitamins, antibiotics, dermatologicals, diagnostic equipment, IV solutions, first aid supplies, dispensing bags, oral rehydration salts, and topical anti-infective and cortisone creams.

Instituto Especializado de Salud del Nino – Lima

Instituto Especializado Materno Peri-Natal – Lima

Rotary Club El Rimac – Lima

Vicariato Apostolico de San Ramon – San Ramon

PHILIPPINES

Total Wholesale Value: \$407,872

Total Weight: 618 lbs.

Medical Outreach Clinic & Abulug Hospital – Baggaog

ROMANIA

Total Wholesale Value: \$9,211,465

Total Weight: 19,612 lbs.

Christian Aid Ministries Romania – Floresti

SIERRA LEONE

Total Wholesale Value: \$2,150,519

Total Weight: 19,322 lbs.

Ndegborme Development Organization – Freetown

Young children in Sierra Leone

PHOTO: Jodie Willard



SOMALIA

Total Wholesale Value: \$139,969

Total Weight: 5,305 lbs.

Hargeisa Hospital – Hargeisa

The people of Somalia have struggled with poverty and social and political instability for over a decade. Plagued by constant turmoil and fighting, neither a stable national government nor a legal system has been established. Regional self-governing clans persist, and civil strife and security issues have hampered sustained international aid. Systemic, continued efforts are required to battle their serious health issues. According to UNICEF, infant mortality rates are at 133 deaths per 1,000 births, and the mortality rate for children under five years of age is 225 deaths per 1,000 – both among the highest in the world.

The Hargeisa Group Hospital has been working with the World Health Organization (WHO) to provide a point of stability and hope. The success of this hospital is important for many reasons, but specifically because it is one of the only primary healthcare facilities serving the estimated 1.5 million people living in or near the city of Hargeisa. WHO has been working with hospital staff to improve their level of training and reports that it is “one of the best in the country.” The hospital provides a wide range of services such as pre- and post-natal care, deliveries, emergency medical treatment, surgical procedures, and x-rays. Direct Relief is committed to keep staff productive and the health services open by supporting the hospital with walkers, wheelchairs, pediatric and infant stethoscopes, a fetal monitor, pregnancy test kits, pediatric feeding tubes, surgical instruments, antibiotics, multi-vitamins, and oral rehydration salts.

TRUSTED WORLDWIDE:

Direct Relief’s network of trusted partners built over 56 years includes leading pharmaceutical and healthcare companies, hundreds of locally administered health clinics and programs in over 70 countries, and thousands of individual donors.

SOUTH AFRICA

Total Wholesale Value: \$32,178

Total Weight: 165 lbs.

Tshisimane Healing Center – Soutpansberg

SOUTH KOREA

Total Wholesale Value: \$14,552

Total Weight: 1,545 lbs.

St. John of God Clinic – Kwang-Ju

SUDAN

Total Wholesale Value: \$291,733

Total Weight: 6,835 lbs.

Khartoum University Medical Outreach Clinics – Khartoum

Sagadi West Rural Hospital – Sagadi

Sudan Future Care Health Clinics – Togan Region

Over the past two decades, the war in Sudan and intermittent widespread famine have cost the lives of over 1.5 million people, displaced millions of Sudanese, and eliminated healthcare services in remote parts of the country. In desolate northeastern Togan area along the border of Eritrea, the main hospital was closed due to the conflict, and the 100,000 displaced people in the area were left without any access to health care. The community was left with no resources to battle the area’s major health problems including parasites, diarrheal disease, malnutrition, respiratory infections, and tuberculosis.

Despite the lack of resources, the community has helped rebuild its healthcare system under the leadership of the Sudan Future Care, a non-governmental organization comprised of Sudanese healthcare professionals and concerned individuals. The community, using only grass and sticks, constructed five health clinics, which are run by Sudan Future Care and staffed on a volunteer basis by the many nurses and health workers from the hospital who remained in the area. The clinics provide primary care, along with prenatal and child-wellness exams. Direct Relief has helped sustain this community-based effort with essential primary care pharmaceuticals such as deworming medication, oral rehydration salts, children’s Tylenol, prenatal vitamins, nutritional supplements, antibiotics, baby scales, and basic diagnostic equipment.

TANZANIA

Total Wholesale Value: \$470,422

Total Weight: 11,994 lbs.

Bugando Medical Center – Mwanza

Karagwe Development Relief Services (KADERES) – Karagwe, Kagera

Tanzania ranks as one of the poorest countries in the world, according to the 2003 UNDP Human Development Index, and with a population of 35 million people, government expenditure per person equals only \$12 per year. Its ability to cope with the severe health problems of AIDS, malaria, and malnutrition has been extremely limited. Maternal-child health care has been especially hard hit – child mortality rates are 165 per 1,000 children. With only 35 percent of births attended by skilled health staff (one of the lowest rates in the world), maternal mortality rates have reached 1,100 per 100,000.

KADERES, a non-governmental organization working in the extreme northwestern corner of Tanzania, provides primary health services to a catchment area of over 190,000 people. It focuses on improving maternal-child health and decreasing the rate of HIV/AIDS infection. Through twenty dispensaries, three health centers, and one hospital, KADERES serves approximately 1,600 pregnant women per month and integrates maternal and child health practices into all of its clinical operations and outreach efforts in surrounding communities. Direct Relief has helped support their work with autoclaves, wheelchairs, basic

diagnostic equipment such as stethoscopes and blood pressure kits, and a large assortment of primary care pharmaceuticals and medical supplies. Direct Relief continues its ongoing support of KADERES to decrease child and maternal mortality rates in the region.

Kagera Salient Dispensary – Kyaka/Kagera

Tarime Goodwill Foundation Health Services – Tarime

THAILAND

Total Wholesale Value: \$30,488

Total Weight: 270 lbs.

Hill Tribe Clinics – Chiang Rai

TRINIDAD AND TOBAGO

Total Wholesale Value: \$360,130

Total Weight: 12,047 lbs.

Living Water Community – Port of Spain

UGANDA

Total Wholesale Value: \$454,057

Total Weight: 11,082 lbs.

Adwir Hospital – Lira

Jinja Municipal Council – Jinja

Mulago Hospital – Kampala

Uganda Aids Orphanages – Kampala & Entebe

Uganda Reproductive Health Bureau – Kampala

Mother and child at refugee camp in Tanzania



UKRAINE

Total Wholesale Value: \$281,867

Total Weight: 9,953 lbs.

Dneprovsky District Hospital – Kherson

Rohatyn Central District Hospital – Rohatyn

USA

Total Wholesale Value: \$1,597,745

Total Weight: 18,283 lbs.

African Community Resource Center – Los Angeles

American Indian Health & Services – Santa Barbara

California Community Clinics – Santa Barbara, Venice, Canoga Park, Oxnard, Nipomo

According to a 2003 study by the UCLA Center for Health Policy Research, one in five non-elderly Californians (6.3 million people) lacked health insurance in some or all of 2001. California community and free clinics serve as a crucial component of the state's healthcare safety net for low-income and uninsured patients. Their already large task was further burdened by the state's 2003 fiscal crisis. Direct Relief is working to bridge the gap of health services for California's uninsured and low-income population by providing medical goods to community and free clinics. In line with program requirements for international partners, all domestic clinics supported by Direct Relief must be registered 501(c)(3) nonprofits, community-based, non-discriminatory, and provide quality health care to the uninsured and low-income families and individuals on a sliding scale basis or free of charge. In 2003, Direct Relief assisted the Venice Family Clinic in Venice, El Proyecto del Barrio Clinic in Canoga Park,

DOMESTIC ASSISTANCE:

In our home community in California, the greatest unaddressed health problem among children is poor oral health. Direct Relief has worked for over 10 years to meet the need. In 2003, Direct Relief provided 6,709 dental kits, conducted bilingual health education, and arranged free dental treatment for uninsured, low-income children.

Las Islas Family Medical Group in Oxnard, and the Community Health Centers of the Central Coast in Nipomo with antibiotics, ophthalmic solutions, and first aid supplies. The tremendous response to these efforts has prompted Direct Relief to further expand domestic support to continue the work of the program.

Carrillo Family Dental Clinic – Santa Barbara

Devereux Santa Barbara – Santa Barbara

Domestic NGOs – Santa Barbara

Monte Vista Communications Center – El Cajon

More than 800,000 acres in five Southern California counties were completely burned in what California Governor Gray Davis called "the worst, the most expensive, the most severe fire" in the state's history. Twenty people perished in the blazes, more than 100,000 people were displaced, and over 2,600 homes were destroyed. Over 15,000 fire fighters and disaster personnel were deployed to battle the colossal fire and were persistently plagued by smoke and particulate matter in the air which hampered fire fighting efforts. With eye lubricants in short supply, Direct Relief responded with 6,000 bottles of Alcon Laboratories' Systane, an over-the-counter eye lubricant, to the Cedar Fire Base Camp east of San Diego. This temporary camp served as an important staging and rest area for fire fighters, disaster personnel, and the numerous fire related aircraft that were flown in and out of nearby Gillespie Air Field. Direct Relief's strong ties with disaster response teams throughout the state and over twenty years experience responding to natural disasters domestically helped to provide quick support for needed donations.

Navajoland Utah – Utah

Santa Barbara Food Bank – Santa Barbara

Santa Barbara Neighborhood Clinics – Santa Barbara

Santa Barbara /Ventura County Dental Society – Ventura

Summer & Santa Packs – Santa Barbara

VENEZUELA

Total Wholesale Value: \$14,622

Total Weight: 62 lbs.

Turimiquire Foundation – Cumana

WEST BANK/GAZA

Total Wholesale Value: \$86,864

Total Weight: 5,604 lbs.

St. John's Eye Hospital/Red Crescent/Razi Hospital – Jerusalem

ZAMBIA

Total Wholesale Value: \$1,143,509

Total Weight: 12,558 lbs.

Lubwe Mission Hospital – Samfya

Mambilima Mission Hospital – Mambilima

Mansa General Hospital – Mansa

St. Paul's Mission Hospital – Nchelenge

INTRODUCTION AND CERTIFICATION OF FINANCIAL STATEMENTS

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 2003, approximately 95.7 percent of our total public support and revenue of \$103 million was received in the form of in-kind materials and services. In the previous pages, we have described where and why these material resources were provided.

We recognize, however, that 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 how we spent the money that was generously donated to Direct Relief in 2003 by people, businesses, and organizations.

We are pleased to report that, at the close of 2003, Direct Relief’s financial situation was in excellent shape. We maintained tight cost controls, and our spending over the entire year tracked within 3 percent of the Board-approved budget. But, as in each year, we did not know until early January the results of year-end contributions, which typically account for approximately 20 percent of our annual cash income.

The once-a-year infusion of financial contributions at year’s end is, of course, welcome, yet its unpredictability presents management challenges. As a result, Direct Relief typically must operate at a deficit – spending more each month than is received – for the first eleven months of the year, and it is those year-end contributions that make up the difference (or not) and determine whether we end the year in the black or in the red. This dynamic makes it impossible to adjust to any shortfall or surplus in the fiscal year, since the year ends just as the most important revenue facts are known.

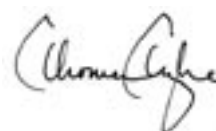
We note this to explain why, in 2004, we have changed

our fiscal year from a calendar year basis to a fiscal year of April 1 to March 31. This change will allow us to analyze our finances better within a fiscal year and make any necessary adjustments, as well as develop the succeeding year’s budget with more facts, not only projections. (Note: Reporting for this transition quarter will be included in our next full-year annual report.)

In 2003, the year-end contributions were generous, and we ended the year having raised more than we spent. These surplus funds enabled us to begin the transition quarter of 2004 (the period from January 1 to April 1, when the new fiscal year begins) with surplus cash – a welcome occurrence given the lean months of any new year that we and most other nonprofits typically face.

As you will see in the table below, the wholesale value of in-kind medical products we received increased substantially in 2003. Some of the product donations were received late in the year and not distributed in humanitarian shipments; those inventories were carried forward and will be distributed in 2004. This is important to note, because carry-over inventories can distort the true financial picture and appear (as in this report) as “surplus.”

Finally, in recognition of the heightened expectations of all corporations in our country – whether nonprofit or for-profit – we certify these financial statements as the CEO and Controller. This is not a legal requirement – yet – of nonprofit corporations, though it is for public companies of a certain size under legislation enacted in 2002. Nevertheless, given the nature of our work, the professionalism of our staff, and the extraordinary level of trust that people and businesses place in our organization to help others without any promise of financial return to themselves, we are pleased to do so.



THOMAS TIGHE
PRESIDENT & CEO



CHRISTIAN WHITE
CONTROLLER

2003	CASH AND SECURITIES	IN-KIND MATERIALS AND SERVICES	TOTAL
WHAT WE RECEIVED	\$4,396,078	\$98,648,359	\$103,044,437
WHAT WAS USED	(\$3,028,305)	(\$94,064,588)	(\$97,092,893)
YEAR-END TOTALS	\$1,367,773	\$4,583,771	\$5,951,544

STATEMENT OF ACTIVITIES

for the years ending December 31, 2003 and 2002

	2003		2002	
PUBLIC SUPPORT & REVENUE				
<i>Public Support</i>				
Contributions of goods and services	\$ 98,603,622	95.7%	\$ 62,643,794	95.5%
Contributions of cash and securities	3,539,730	3.4%	2,827,813	4.3%
Total Public Support	102,143,352		65,471,607	
<i>Revenue</i>				
Earnings from investments and other income	901,085	0.9%	134,757	0.2%
TOTAL PUBLIC SUPPORT AND REVENUE	103,044,437	100%	65,606,364	100%
EXPENSES				
<i>Program Services</i>				
Value of medical donations shipped	93,627,424		67,883,685	
Operations and shipping	2,435,423		2,076,896	
Contributed services	44,736		29,644	
Total Program Services	96,107,583	93.3%	69,990,225	106.7%
<i>Supporting Services</i>				
Fundraising	541,317		381,820	
Administration	443,993		433,315	
Total Supporting Services	985,310	0.9%	815,135	1.2%
TOTAL EXPENSES	97,092,893	94.2%	70,805,360	107.9%
INCREASE/ (DECREASE) IN NET ASSETS	\$ 5,951,544	5.8%	\$ (5,198,996)	-7.9%

STATEMENT OF CASH FLOW

for the years ending December 31, 2003 and 2002

	2003		2002	
<i>Cash flows from operating activities</i>				
Increase/ (Decrease) in net assets	\$ 5,951,544		\$ (5,198,996)	
Adjustments to reconcile change in net assets to net cash provided/ (used) by operating activities				
(Increase)/ Decrease in inventory	(4,586,086)		5,526,894	
Changes in other operating assets and liabilities	(852,542)		190,134	
Net cash provided/ (used) by operating activities	512,916		518,032	
<i>Net cash provided/ (used) by investing activities</i>				
Purchase and sale of investments and equipment	(406,208)		(730,605)	
<i>Net cash provided/ (used) by financing activities</i>				
Mortgage payments	(38,640)		(30,471)	
Net increase/(decrease) in cash	68,068		(243,044)	
Cash, Beginning of Year	823,179		1,066,223	
Cash, End of Year	\$ <u>891,247</u>		\$ <u>823,179</u>	

STATEMENT OF FINANCIAL POSITIONS

as of December 31, 2003 and 2002

	2003	2002
ASSETS		
<i>Current Assets</i>		
Cash and cash equivalents	\$ 891,247	\$ 823,179
Securities	4,056,769	2,991,948
Inventories	17,157,224	12,571,138
Other current assets	472,605	237,159
<i>Total Current Assets</i>	22,577,845	16,623,424
<i>Other Assets</i>		
Property and equipment	3,584,299	3,566,541
Remainder interests	41,173	40,684
Miscellaneous	18,787	20,891
<i>Total Other Assets</i>	3,644,259	3,628,116
TOTAL ASSETS	\$ <u>26,222,104</u>	\$ <u>20,251,540</u>
LIABILITIES AND NET ASSETS		
LIABILITIES		
<i>Current Liabilities</i>		
Payables and other current liabilities	\$ 218,326	\$ 160,314
Current portion of long-term debt	44,692	33,711
<i>Total Current Liabilities</i>	263,018	194,025
<i>Other Liabilities</i>		
Long-term debt	1,581,777	1,631,398
Distribution payable	36,793	37,146
<i>Total Other Liabilities</i>	1,618,570	1,668,544
TOTAL LIABILITIES	1,881,588	1,862,569
NET ASSETS		
<i>Unrestricted Net Assets</i>		
Board-designated endowment fund	4,844,568	3,854,414
Undesignated	19,326,471	14,473,876
<i>Total Unrestricted Net Assets</i>	24,171,039	18,328,290
<i>Temporarily Restricted Net Assets</i>	169,477	60,681
TOTAL NET ASSETS	24,340,516	18,388,971
TOTAL LIABILITIES AND NET ASSETS	\$ <u>26,222,104</u>	\$ <u>20,251,540</u>

NOTES TO FINANCIAL STATEMENTS

Cash versus In-Kind Support

Direct Relief International's activities are planned and executed on an operating (or cash) budget that is approved by the Board of Directors prior to the fiscal year. The cash budget is not directly affected by the value of contributed products. The organization'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, product solicitation, and all other expenses.

How Changes in Inventory Affect our Bottom Line

Direct Relief International 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 typically occurs in the same year of receipt, it may occur in the following year. An expense is recorded when the products are shipped. In 2003, Direct Relief received \$4,583,772 more in product than it provided in humanitarian shipments. (This inventory was carried forward into the new year.) When this amount is combined with our surplus from cash operations, it results in an overall surplus of \$5,951,545 – equal to the increase in net assets reported on our statement of financial position.

Leverage

For each \$1 that Direct Relief spent in 2003 for operating purposes, the organization provided \$30.92 worth of wholesale medical material assistance, a 19 percent increase over 2002. In 2003, cash operating expenses totaled \$3,028,305. The expenditure of these funds enabled Direct Relief to furnish \$93,627,424 worth (wholesale value) of medical material resources to 62 countries. The weight of these materials was 717,285 lbs, or 358.6 tons.

Product Valuation

In-kind contributions, such as contributed medicines, supplies, or equipment, are valued at the wholesale price in the United States. Specifically for pharmaceutical products, the source of and basis for product values are 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 value of the AWP to value

pharmaceutical products that are contributed. For used medical equipment, the organization determines the value by reviewing the price of similar equipment listed for sale in various publications and on internet sites such as Ebay.

Program Expenses

In 2003, Direct Relief spent \$2,042,996 in cash on programmatic expenses, as well as distributed \$93 million in product. This cash amount paid for the salaries, related benefits (health and dental insurance, retirement-plan matching contributions), and mandatory employer paid taxes (payroll, social security, workers' compensation) for the following employees engaged in programmatic functions: seven program officers (four full-time, three part-time), a transportation coordinator (full-time), pharmacist (part time), pharmacy manager (part-time), pharmacy assistant (full-time), biomedical manager (full-time), bio-medical technician (full-time), coordinators who work with medical-product manufacturers for product contributions (three part-time), warehouse manager (full-time), and two warehouse personnel (full-time). Program expenses also include the purchase of medicines, equipment, parts, and other medical supplies not available through donation; cash grants to partner organizations; trucking and ocean and air freight for the transportation of medical material (in-bound to Direct Relief and outbound to receiving partner organizations); maintenance of the agency's forklifts and truck; packing materials and supplies; travel for oversight and evaluation; contract services; and a pro-rata portion of other allocable costs (see below).

Fundraising Expenses

Direct Relief spent a total of \$541,317 on fundraising in 2003. This amount includes the salaries, related benefits, and taxes for fundraising personnel (two full-time, four part-time). Also included are expenses for the production, printing, and mailing of newsletters, the annual report, tax-receipt letters to contributors, fundraising solicitations, and all other costs related to fundraising (such as events, advertising, and related travel). 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 \$443,993 on administration. This amount includes the salaries, related benefits, and taxes for personnel responsible for financial management: a controller (full-time), accountant (part-time), information technology manager (full-time), program analyst (full-time), executive assistant (full-time), and an administrative assistant (full-time). Other administrative expenses included the cost of an independent audit by a Certified Public Accounting firm, banking fees, website hosting, office supplies, insurance, and legal and other professional services. A pro-rata portion of allocable expenses and all other expenses not appropriately classified elsewhere are charged to administration (see below).

Other Allocable Costs

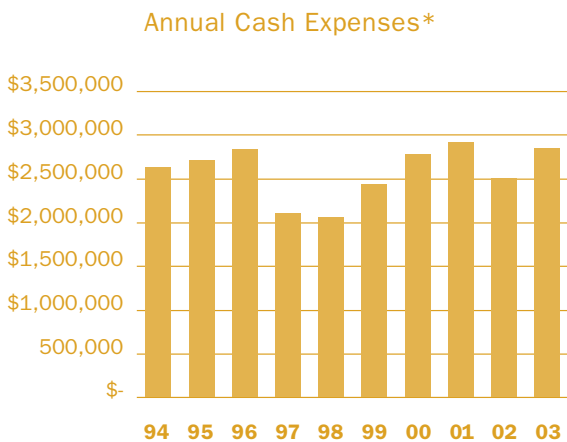
Direct Relief owns and operates a 36,000-square-foot warehouse facility. Costs to maintain the warehouse include mortgage interest, depreciation, utilities, insurance, repairs, maintenance, and supplies. These costs are allocated based on the square footage devoted to respective functions (e.g. fundraising expenses described above include the proportional share of these costs associated with the space occupied by fundraising staff). The salary of the President and CEO also is allocated to functions in accordance with the time spent on the functions as follows: fundraising (30 percent), administration (15 percent), and programmatic activities (55 percent).

Endowment Fund

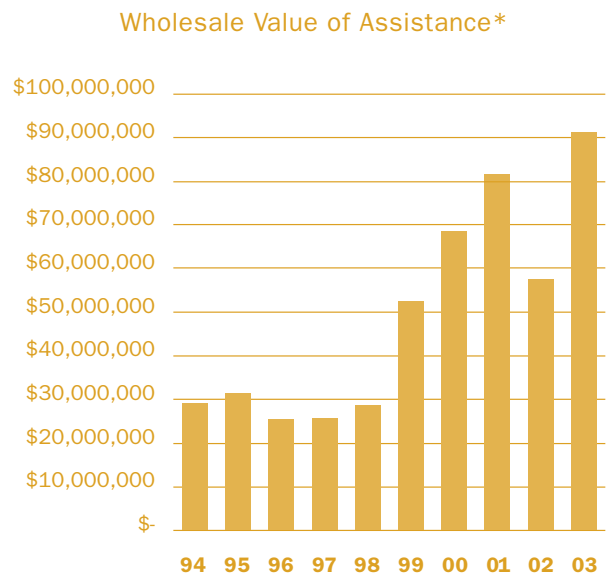
In 1998, Direct Relief’s Board of Directors established a board-designated endowment fund (sometimes characterized as a “quasi-endowment” in legal or accounting terminology) to help secure the organization’s financial future. The fund was established with assets valued at \$773,786 in 1998. At the end of 2003, the fund contained net assets of \$4,844,568 (a 26 percent increase from 2002) consisting of \$220,448 in cash, \$4,034,520 in securities, and \$589,600 in real estate and other assets.

The fund is administered by the Board’s Finance Committee, which meets monthly and oversees investment policy and fiscal operations. The Finance Committee is authorized to distribute up to 6 percent of liquid assets annually for general operating support, consistent with the Board-approved operating budget. Any further distributions require the approval of 75 percent of the full Board. The endowment fund securities are composed of broadly diversified mutual funds managed by leading U.S. fund managers.

By Board resolution, all bequests are deposited into the endowment fund unless the will or bequest states otherwise. When available, other resources are transferred to the fund as directed by the Board of Directors.



Maintaining Strict Cost Controls ...



While Increasing Assistance to People in Need

*Note: All dollar amounts are shown in nominal dollars and are not adjusted for inflation.

OUR INVESTORS

Manufacturers providing medical donations in 2003

3M Pharmaceuticals
Abbott Laboratories
Alcon Laboratories, Inc.
Allergan, Inc.
American Health Products
American Medical Resource Services
Amsino International
Ansell Healthcare Inc.
Arm & Hammer
Auburn Pharmaceuticals
Aventis Pharmaceuticals, Inc.
Avon Products
Bausch & Lomb
Baxter Healthcare Corporation
Bayer Consumer Care
BD
Berchtold Corporation
Bristol-Myers Squibb Company
ConMed
Cordis Neurovascular, Inc.
Den-Mat Corporation
DeRoyal Wound Care
Dioptrics Medical Products
East West Associates
Engineered Medical Systems
Ethicon, Inc.
Fine Science Tools, Inc.
Fujisawa Healthcare, Inc.
GlaxoSmithKline
Halocarbon Labs
Henry Schein, Inc.
INHEALTH Technologies
Johnson & Johnson
Johnson & Johnson Consumer
Just Gloves
Karl Storz Endoscopy America, Inc.
Kawasumi Laboratories America, Inc.
Kendall Healthcare, Tyco
King Pharmaceuticals, Inc.
LabEssentials, Inc.
Landes, Inc.
Lane Instrument Corp
Leiner Health Products
Mattell, Inc.
McGraw-Hill, Inc.
McKesson Medical-Surgical
McNeil Consumer & Specialty Pharms.
Medical Innovations, Inc.
Mentor Corporation
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Medical Facilities, Organizations, Institutions, and Individuals providing in-kind support in 2003 (\$1,000 +)

Bass Enterprises
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DreamWeaver Medical
Goleta Valley Cottage Hospital
Green Meadow Mission
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Ready Medical
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Jeffrey Sites, Perfusion Management Group
Tandberg Telecom AS
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And special thanks to the many Kiwanis Clubs, Lions Clubs, Emblem Clubs and Rotary Clubs that have supported Direct Relief International.

Thank you!

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- Get a ground’s eye view of situations in countries around the world and our ongoing activities each month.
- Read press stories about Direct Relief, profiles of more of our partner organizations, and photos and insights from contributing photographers and our staff members.
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- Sign up for our ebulletin – our email newsletter that is the most cost-efficient way to share information (plus, we hate spending money on mail that people will toss out!).

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- Make a donation online. In 2003, we received over \$80,000 in online contributions, more than in any previous year.

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*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.*

Remembrance

Mr. Charles H. Bell passed away on April 12, 2003, at the age of 95. Mr. Bell, the former President and Chairman of General Mills, was a generous and longstanding supporter of Direct Relief in the last decades of his extraordinary life.

Mrs. Elizabeth Roth passed away on May 22, 2003. Mrs. Roth had been among Direct Relief's most generous benefactors and had supported, among many other activities, the organization's osteoporosis screening program for low-income seniors in our home community.

Direct Relief was honored by the generosity and trust that Mr. Bell and Mrs. Roth, respectively, had extended to our organization during their lives. We were further honored when we learned that each of them had made provisions for Direct Relief in their respective estate plans.

Please remember Direct Relief in your will or estate plan.

Special Thanks

To Anonymous, whose extraordinary generosity in 2003 was exceeded only by his, her, it's or their desire to receive no public recognition ...

“The Mission of Direct Relief International is to provide appropriate ongoing assistance to health institutions and projects worldwide which serve the poor and victims of natural and civil disasters without regard to political affiliation, religious belief, ethnic identity or ability to pay.”

President & CEO

Thomas Tighe

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