THE YEAR IN REVIEW

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OUR MISSION

IS TO IMPROVE THE HEALTH AND LIVES OF PEOPLE AFFECTED BY POVERTY, DISASTER, AND CIVIL UNREST.

THIS REPORT IS DEDICATED TO

FRANK N. MAGID
1931 - 2010

FOR HIS GENEROSITY, KINDNESS, AND ENERGY WHILE SERVING WITH DISTINCTION AS DIRECT RELIEF’S INTERNATIONAL ADVISORY BOARD CHAIRMAN, HE WILL BE GREATLY MISSED.
The simple goal of enabling people to live healthy, productive lives—regardless of the circumstances into which they are born or find themselves—is a powerful incentive. It drives Direct Relief’s work in areas where governments and global markets are either unable or unwilling to engage to improve the health of people who are sick or hurt.

Direct Relief provided more help to more people than ever before in Fiscal Year 2010 (July 1, 2009 – June 30, 2010)—$243 million in medical aid to healthcare providers who may not have otherwise been able to do their work. Working with medical professionals in 70 countries, assistance was provided in 5,300 deliveries, including $53 million in medicines to safety-net health providers in all 50 states of the U.S.

The year also saw unprecedented efforts in disaster response—$59 million in emergency medical assistance in 1,200 deliveries to 16 countries. Direct Relief’s infusion of medical aid into Haiti has been the largest from any source—in Fiscal Year 2010, over 494 tons of emergency medical assistance worth more than $45.8 million delivered directly to tens of thousands of people who needed it through 50 Haitian healthcare partners and facilities.

The response in Haiti has been the largest and most comprehensive in our 62-year history, and Direct Relief’s activities have been supported only by individuals, private parties, and companies, without any help from government sources.

In Fiscal Year 2010, Direct Relief also grew the global distribution of programs fighting the spread and effects of HIV/AIDS, and expanded efforts that directly address threats to women and children during pregnancy and childbirth.

Partnering with industry leaders and leveraging cutting-edge technologies, Direct Relief’s humanitarian focus and attention to the efficient use of resources remain constant. So too does the approach of supporting local efforts in a respectful manner and without regard to race, ethnicity, politics, religion, gender, or ability to pay.

In a world where the tide of the human condition is on the rise for so many, there exists a sharpened humanitarian imperative to assist those whose lives remain threatened by sickness, disease, and injury that can be easily diagnosed and treated.
It is our pleasure to share the following report with you about Direct Relief’s activities in Fiscal Year 2010—July 1, 2009, through June 30, 2010. In a year marked by the worst economic conditions in decades and, in Haiti, the most devastating natural disaster in the Western Hemisphere in a century, more people needed help. Direct Relief redoubled its efforts, stepped up, and expanded its humanitarian health assistance—both within the United States and internationally—to provide more help to more people than at any time in our organization’s history.

Direct Relief’s work provides an on-the-ground view of how poverty and poor health reinforce each other. Natural disasters, such as Haiti’s tragic earthquake, intensify both. That is why Direct Relief’s longstanding approach is to strengthen locally run health programs that serve people in poverty areas and in response to emergency situations.

This approach of supporting locally-run facilities proved again to be effective in the face of unprecedented challenges. Here at home, Direct Relief expanded its assistance to provide free medications and supplies to patients at more than 1,000 nonprofit community health centers and free clinics in all 50 states. Because Direct Relief is the only nonprofit organization licensed to distribute prescription medicines in all 50 states, this effort was essential as more people sought care at these safety-net clinics in their home communities and the facilities themselves struggled to do more with fewer resources.

In Haiti, Direct Relief has for many years provided support to local health facilities and, two years ago, created a program to pre-position emergency medical supplies at local facilities to enable an immediate response in the event of an emergency. This program and the existing ties to key local health programs in the country enabled Direct Relief to launch the largest emergency response in our history following the January earthquake. The long-term challenges for people in Haiti, including those who received disabling injuries in the earthquake, remain daunting, and Direct Relief will continue to help over the long road ahead.

Worldwide, but mainly in developing countries, a woman dies every 90 seconds from complications related to pregnancy. Most of these tragedies...
are preventable when a woman has access to trained caregivers. That’s why we’re working with obstetric and midwife programs in some of the highest need areas in the world—including Afghanistan, Ethiopia, Indonesia, Kenya, Liberia, Somaliland, Southern Sudan, and Tanzania—to support the best local training and care centers. We also ensure that trained caregivers are equipped with medical resources so they can apply their life-saving skills.

Obstetric fistula injuries are a devastating consequence of poor access to maternal care. About two million women live with this condition, which many people outside of public-health circles do not even know exists. Direct Relief remains committed to supporting health facilities that specialize in fistula repair surgery, and this year we have supported seven Fistula Repair Programs with surgical supplies that enabled 4,000 women to receive this life-restoring repair.

We are pleased to report that all fundraising and administrative expenses incurred during the fiscal 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.

One of those key initiatives—directly related to our ability to help more people than ever before—was the implementation of a robust, scalable, SAP information system with enhanced analytic capability providing an unprecedented level of transparency in humanitarian assistance. For instance, on DirectRelief.org, supporters of our work in Haiti and the U.S. can view precise mapping of every donation sent to every healthcare providing partner in those countries.

Such a system implementation during tough economic times may seem counter-intuitive and high risk. Other options would have been to hunker down or cut back, but those options also involved risk, including triggering a self-defeating contraction cycle of doing less, needing less, doing less, etc.

By accelerating through tough times, not slowing down, Direct Relief is a stronger organization. We were able to pursue our humanitarian mission even more intensely and in the most efficient, respectful, and productive manner possible. Because, for all the many challenges that the year presented, a constant was that people whose lives and health are threatened by poverty, disease, or natural disaster need help.

Please accept our heartfelt thanks for your interest and involvement in the work of Direct Relief.
EXPANDING ACCESS AND QUALITY HEALTHCARE FOR MILLIONS OF PEOPLE IN 70 COUNTRIES AROUND THE WORLD, FOCUSING ON PROGRAMS SERVING WOMEN AND CHILDREN, ACTIVITIES THAT ADDRESS HIV/AIDS PREVENTION AND CARE, AND EMERGENCY PREPAREDNESS AND RESPONSE.
They survived the earthquake. We’re helping them survive what comes after.

In Haiti, Direct Relief has been among the world’s largest providers of medicines and medical supplies since the tragic January earthquake. Through the end of Fiscal Year 2010 (which ended June 30, 2010), Direct Relief provided emergency medical assistance worth $45.8 million to more than 50 hospitals, health facilities, responding organizations, and camps caring for injured and displaced people. Having worked in Haiti since 1964, Direct Relief had strong relationships with the country’s largest hospitals and clinics, allowing us to rapidly deploy resources where they were needed most.

Backed by the massive generosity of private and corporate supporters, Direct Relief put together the most comprehensive emergency response in its 62-year history—more than 494 tons of specifically requested medicines and supplies have been expedited to caregivers in Haiti.

As unprecedented as the short-term response was, Direct Relief recognizes that the need in Haiti hasn’t faded with the headlines.
This population was extremely vulnerable to the most basic health concerns related to hygiene and compromised water and sanitation systems. Direct Relief supports the material needs of healthcare providers and helps strengthen their ability to stave off epidemics.

Immediately following the earthquake, Direct Relief’s partner facilities were over-whelmed with hundreds of patients, volunteers, and unsolicited donations. Direct Relief established an in-country warehouse to help work around the logistical bottlenecks that would have otherwise choked the distribution of aid to those healthcare providers who needed medicines and supplies as quickly as possible. The warehouse allows Direct Relief staff in Haiti to manage our assistance and control the supply chain, taking the logistical burden off the healthcare facilities, and allowing them to focus on patient care—not trucking and warehousing. Working with colleague nonprofits, healthcare companies, and international and Haitian authorities, Direct Relief introduced the first online medical-supply ordering system to Haiti. These steps brought transparency, efficiency, and precision to a deeply complex situation so that we can continue to provide a key supply lifeline to Haitian health facilities.

Within hours of the quake, Direct Relief was in contact with corporate partners, matching anticipated needs with available supply. Donor companies continue to respond with the largest amount of medical product support Direct Relief has received for an emergency in its history. The sheer quantity of donations received warranted the temporary expansion of our headquarter’s warehouse space from 50,000 to 100,000 square feet.

Transparency IN HUMANITARIAN RESPONSE

Direct Relief deployed ArcGIS Server and Adobe Flex to produce an interactive web mapping application showing the location and value of all Direct Relief aid shipments. By linking specific clinical location data from the United Nations to our own data, we have been able to demonstrate an unprecedented level of transparency in humanitarian disaster response.
Traumatic injuries were widespread following the earthquake—crushed bones, spinal cord injuries, and amputated limbs. Many of these injuries will result in life-long conditions and most will require rehabilitation. Even if the earthquake had not decimated the healthcare infrastructure, it would have been unable to support the immediate and long-term needs of those affected.

Building on the success of the prosthesis and orthotics program Direct Relief created in Pakistan following the earthquake of 2005, Direct Relief committed $2 million to strengthen Haiti’s physical rehabilitation capacity.

Partnering with local groups, Direct Relief has leveraged long-standing relationships with international experts to help establish effective and lasting prosthetic and orthotic centers in Haiti, and ensure that these local organizations have the resources to train new prosthetists and orthotists so that the new centers are adequately staffed by Haitians. This work will help people long after the emergency of the earthquake has given way to the everyday reality of health care in Haiti.

$2 MILLION to strengthen Haiti’s rehabilitation capacity

AN OUTPOURING OF SUPPORT
In Fiscal Year 2010, 25,000 private donors gave $6.4 million to Direct Relief for Haiti. 47 companies supported Direct Relief’s efforts.

OUR TOP 12 CORPORATE SUPPORTERS FOR HAITI
in alphabetical order:

Abbott    Amgen Foundation
Baxter International    BD
Covidien    Eli Lilly & Company
FedEx    GlaxoSmithKline
Johnson & Johnson Family of Companies
Merck & Co., Inc.    P&G
Teva Pharmaceuticals

FOR THE FULL LIST of generous companies who provided support in FY2010 see p/56

OUR BIGGEST RESPONSE EVER

$48.5 MILLION in emergency medical assistance to 50 HAITIAN HEALTHCARE PROVIDERS including:

Partners in Health
Saint Damien Pediatric Hospital
American Refugee Committee
Hospital Albert Schweitzer
Visitation Hospital
Hospital Justinien

LEARN MORE
DirectRelief.org
International aid groups have received more than $2 billion in donations for Haiti, yet many smaller community groups still struggle to access funding.

Direct Relief committed $500,000 to create a Community Grant Fund that will give local Haitian NGOs and community groups access to cash grants up to $25,000. These grants will ensure that local groups—like those detailed below—that were operating before the earthquake and have the most at stake in the country’s recovery aren’t overlooked.

The HAITIAN HEALTH AND EDUCATION FOUNDATION provides health care and training for medical professionals in Haiti. The Foundation improves health conditions through preventive care, primary care administered at the outpatient clinic, secondary- and tertiary-level training, and inpatient hospital care at the Haitian Community Hospital. In the aftermath of the earthquake, the Foundation provided free medical services for three months at the Haitian Community Hospital to approximately 250,000 area residents. It was then forced to charge for services again or risk running out of money and shutting its doors. However, the roughly $4 (U.S.) asked of patients for medical services is insurmountable for many Haitians. Direct Relief provided $25,000 to enable the hospital to keep offering free services for pregnant mothers and the severely handicapped for three more months and to hire three Haitian medical personnel to work in the clinic.

An investigation by the City Hall of Acul du North found that 18,000 migrants are now living in the municipality, in addition to the 70,000 residents who were already lacking adequate medical services.

The PEASANT MOVEMENT OF Acul du Nord (MPA) works to improve the lives of farmers in the north. Direct Relief is supporting MPA with a grant of $25,000 to reduce the high prevalence of malaria and typhoid fever by improving sanitation; raising awareness through education campaigns; and establishing a medical clinic staffed by a doctor, nurse, and lab technician to help treat patients.

“IN HAITI, DIRECT RELIEF HAS DELIVERED MORE CRITICALLY NEEDED ASSISTANCE IN LESS TIME TO MORE GROUPS THAN EVER BEFORE. THE BEST INTERESTS OF LOCAL GROUPS HAVE LONG BEEN AT THE HEART OF DIRECT RELIEF’S WORK, BECAUSE WE KNOW THAT THE BEST INTEREST OF THE COMMUNITY ARE AT THE HEART OF THESE GROUPS’ WORK.”

– Brett Williams, Direct Relief Director of Emergency Preparedness and Response
SUPPORTING MOTHERS & BABIES WORLDWIDE

A woman dies every 90 seconds from complications during pregnancy and childbirth—more than 350,000 each year worldwide. Nearly all—99 percent—of these deaths occur in developing countries. For every woman who dies during childbirth, another 20 to 50 survive but suffer devastating injuries such as obstetric fistula. Children who have lost their mothers are up to 10 times more likely to die prematurely than those who have not.

While Direct Relief’s work aims to expand the quality, availability, and access to health services for all people, a principal focus of this effort is on maternal and child health. These interventions include expanding access to care, ensuring safe deliveries through midwife training and kits, addressing complications through emergency obstetric care, restoring health through obstetric fistula repair, and preventing mother-to-child transmission of HIV.

HERE ARE 3 WAYS DIRECT RELIEF IS ADDRESSING THREATS TO WOMEN DURING PREGNANCY & CHILDBIRTH
Pregnancy and childbirth are the leading causes of death and disability among women in developing countries. Having a skilled attendant present during delivery is considered the single most critical intervention for ensuring safe motherhood.

Direct Relief is deeply committed to reducing maternal and infant mortality worldwide. We support facilities and organizations that train midwives so that more women have access to prenatal and obstetric care, and more babies are properly cared for during their critical first days. We also help equip birth attendants with necessary supplies to make use of their life-saving skills.

Afghanistan has one of the highest maternal mortality rates in the world, but the AFGHAN INSTITUTE OF LEARNING (AIL) is working to reverse that statistic. Founded by Sakena Yacoobi in 1995, AIL provides healthcare services, preschool through university-level education, and training to women and girls at four sites in Afghanistan. With support from the Abbott Fund and Direct Relief, AIL has operated a successful nurse-midwife training course since 2005. To date, more than 100 women have completed their training, with most now employed in clinics and hospitals.

Trainees study a comprehensive curriculum of medical subjects during the 18-month program and after graduation are able to treat an estimated 11,000 patients a year. Because it is culturally preferred that Afghani women receive health care from a female provider, highly skilled nurse-midwives represent greater access to care and are highly sought after. The Abbott Fund has funded nurse-midwife training programs since 2005; together, Direct Relief and the Abbott Fund have provided AIL with more than $7 million in cash grants and medical material assistance.

In the ongoing conflict zone of eastern Myanmar, formerly Burma, where civil war has continued for decades and most NGOs are not permitted to work, women face grave risks giving birth. In this rural and remote area, one of 12 pregnant women will die from delivery-related causes, and one of seven children will die before the age of five.

For five years, GLOBAL HEALTH ACCESS PROGRAM (GHAP) has worked against these trends through the Mobile Obstetrics Maternal Health Worker (MOM) project. The innovative MOM project has shown that given...
resources and properly adapted training, mobile health workers can provide basic emergency obstetric care, antenatal care, and family planning, even in conflict zones where health centers simply do not exist.

When MOM began, only five percent of women in the region had a skilled birth attendant with them at the time of delivery. Three years later, nearly 50 percent of deliveries were overseen by a health worker capable of providing emergency procedures like treating post-partum hemorrhage and providing blood transfusions. Based on the MOM project’s success in eastern Myanmar, it has been replicated on Myanmar’s borders with China and India. Altogether, the project now reaches roughly 87,000 people, and in the last year alone, trained 107 health worker/midwives and 399 traditional birth attendants.

Direct Relief has helped fund this tri-border maternal and child health project for the past year and a half. Our support has enabled GHAP and its local partners to provide training and education focused on antenatal care, safe delivery, postnatal care, and neonatal care, in addition to providing midwife kits for GHAP midwives and maternity kits for new mothers.

**EQUIPPED AND READY**

Training and equipping midwives saves lives and significantly increases and improves the chance for safe delivery. Based on input from partners in the field, Direct Relief created medical kits to equip midwives.

On one of the poorest islands in Indonesia—Sumba—the SUMBA FOUNDATION is working to improve lives and wellbeing by strengthening the island’s health system through the constructions and management of health clinics. But, because of the distance and rugged terrain, not every patient—and especially not every pregnant mom—is able to access a medical facility.

By also providing training and resources like Direct Relief’s midwife kits, Sumba Foundation midwives are able to deliver at clinics or to travel to people’s homes, helping save new lives no matter where a mom needs to deliver.

Since 1998, ONE HEART WORLD-WIDE has been on a mission to end the high-stakes gamble that giving birth can often be in developing countries. One Heart asserts that pregnancy should not be a life threatening “condition” and that it is unfair so many women die or are injured during labor when the reasons for death and injury are understood and can be prevented. One Heart works in rural Tibet, where one of every 33 women die during childbirth, one of 10 newborns die during their first month of life, and 95 percent of women give birth alone. In order to improve these realities, One Heart educates mothers and families on how to prevent injury and death and how to improve their chances for a safe delivery. They also provide Direct Relief’s midwife kits and other resources to individuals, trained professionals, and health facilities so that adequate resources are available at every level of care.

**Kits targeted to partners’ needs have helped increase capacity for safe delivery in several regions around the world:**

- **AFRICA** / Cameroon, Ethiopia, Ghana, Malawi, Uganda, Tanzania
- **ASIA** / Afghanistan, China (Tibet), India, Indonesia, Laos, Philippines
- **LATIN AMERICA** / El Salvador, Haiti, Honduras, Mexico
- **PACIFIC** / Fiji

COURTESY OF MOM PROJECT
COURTESY OF ONE HEART
COURTESY OF Sumba Foundation

Fiscal Year 2010 Annual Report
Addressing Complications

EMERGENCY OBSTETRIC CARE

In five to 15 percent of deliveries worldwide, an unpredictable complication occurs. That’s when emergency obstetric care (EmOC), such as a cesarean section, becomes necessary. But for women in developing countries, access to EmOC is very limited, so those who experience complications during delivery will likely suffer debilitating injuries like obstetric fistula or even death. The disability or loss of a mother reduces the survival rates of her other children and affects not just her family but the community at large.

In partnership with AFRICAN MEDICAL AND RESEARCH FOUNDATION (AMREF), Direct Relief has programs in Uganda and Southern Sudan to fight maternal mortality by equipping health facilities and providers so they can offer quality EmOC services.

The women of Southern Sudan typically deliver at home without a skilled attendant present. If an obstetric emergency develops, the patient must travel long distances on poor roads to access a facility offering adequate care. In Western Equatoria, MARIDI COUNTY HOSPITAL is the only facility within 70 miles (a minimum of two hours to travel) that can perform C-sections and has done so with a barely functioning surgical theater. According to WHO and UNICEF, Western Equatoria has the highest maternal mortality ratio in the world: 2,327/100,000. Recognizing this need for effective emergency obstetrics, Direct Relief committed to upgrade the surgical theater. Direct Relief is providing Maridi County Hospital with an ultrasound, large autoclave and sterilizing drums, operating table, operating lights, suction machine, blood bank unit, C-section instrument kit, baby scales, mayo stand, respiratory supplies, diagnostic equipment, delivery kits, and an anesthesia machine.

EmOC is part of a care continuum. Adequate prenatal care supporting the mother and her unborn baby is paired with careful monitoring before and throughout delivery by a skilled birth attendant. Proper training enables a midwife to provide interventions when complications arise, or to know when to refer a woman to a facility that can provide EmOC. AMREF trains midwives and clinical officers in Southern Sudan, and Direct Relief sees that these health professionals have the tools they need to support such critical decision making.

In Uganda, AMREF and Direct Relief support one hospital and 37 health centers in Soroti district—serving a total catchment of three million people. AMREF provides training and capacity building at the health centers and District health office and Direct Relief supplies materials, pharmaceuticals, and equipment. At the District’s request, Direct Relief provided equipment and supplies needed for the start of EmOC services at Princess Diana. Direct Relief has also donated nine motorcycles and several computers to AMREF in Soroti to assist in service delivery and evaluation of the project.

“Skilled midwives, an obstetrician, an operating theatre, the antibiotics and drugs to ensure that should complications arise, a mother rapidly brought back to good health—these apparently basic things are regarded as a great luxury in Africa.”
—John Nduba, M.D., AMREF Director for Sexual, Reproductive, and Child Health
Every year, an estimated 350,000 women die during pregnancy and childbirth. For every woman who dies in labor, many more will suffer serious injury if proper obstetrics care is not available in time. This tragedy is most significant in the poorest countries where the risk of death and disability is hundreds of times greater than it is in the developed world.

Worldwide, an estimated two million women are living with obstetric fistula, 80 percent of whom live in sub-Saharan Africa. Obstetric fistula is a devastating childbirth injury that develops during prolonged labor when adequate medical care is not available. The result is a tear in the birth canal which leaves the woman incontinent and almost always results in stillbirth of the child. Women who develop fistula are often ostracized because of the odor caused by chronic incontinence. The stigma that women with fistula endure adds to the grief already caused by the physical injury and loss of the baby in delivery.

Obstetric fistula is both preventable and treatable. When women deliver in the presence of a skilled birth attendant and have access to emergency obstetrics care, specifically a cesarean section, the incidence of maternal death and disability drops significantly. Obstetric fistula can be repaired by a surgical procedure, which when undertaken by a trained surgeon, can have a success rate of 90 percent on the first attempt. Many women with fistulas live with the condition for many years before receiving treatment, and the ability to leave the hospital completely healed and dry after years of incontinence has a profound impact on a women’s health and well-being.

Direct Relief supports seven obstetric fistula repair and prevention programs in Africa, which collectively provide treatment for more than 4,000 women with obstetric fistula annually. Direct Relief has provided over $1 million in medical and surgical supplies and funding to support the facilities and healthcare providers providing this life-restoring treatment.

Since inception in 1974, the Addis Ababa Fistula Hospital has treated 30,000 women for fistula repair.

Meet Nkwimba. When Nkwimba went into labor with her eighth child in her village in Shinyanga District in northern Tanzania, she had no bus fare to take her to the nearest hospital, which was far away on very bad roads. She labored at home for several days. As a result of the prolonged labor, Nkwimba suffered two fistulas, leaving her unable to control both her bladder and bowel movements.

Several months later, Nkwimba and her husband were able to afford the trip to the BUGANDO MEDICAL CENTER where she was admitted to the fistula ward. Five months later, one of the fistulas has been repaired successfully and she is able to walk with minimal pain. She is still waiting for the repair of her second fistula due to the long waiting list at the hospital, but she is hopeful about the outcome. The thought of returning to her community healed gives her reason to smile.

In Ethiopia, Direct Relief provides support to the ADDIS ABABA FISTULA HOSPITAL, the only medical center in the world dedicated exclusively to fistula repair. The hospital is the model institution for obstetric fistula repair and training in Africa, providing free repair services for approximately 2,500 women every year and long-term care for 50 women whose obstetric fistula cannot be repaired.

EDNA ADAN UNIVERSITY HOSPITAL, formerly the Edna Adan Maternity Hospital, is located in Hargeisa, Somaliland and was established in 2002 to provide quality medical services for women and children in the Horn of Africa. The hospital has grown significantly and now is a leading referral and teaching hospital in the region and receives patients from all corners of Somalia as well as from neighboring Somalia and Ethiopia. The hospital provides treatment for obstetric fistula repair and trains midwives and nurses in fistula management and prevention.

In 2010, in collaboration with THE FISTULA FOUNDATION, Direct Relief enabled the construction and equipping of an operating theater which will increase the hospital’s capacity to provide fistula repair surgery as well as provide emergency cesarean sections in order to reduce the incidence of obstetric fistula.
High-Impact Partnerships
CHALLENGING
HIV/AIDS

RAPID HIV TESTING OF PREGNANT WOMEN

Every 48 seconds, a child is infected with HIV, the virus that causes AIDS. It is essential to focus resources on where this infectious disease exists to save those who have contracted it and can transmit it and those who are most likely to contract it. Deciding who to treat requires knowing who is sick. Rapid test kits are donated by Abbott—16 million tests to prevention programs throughout the developing world since 2002—and distributed by Direct Relief to 69 developing countries eligible for the program.

In 2010, Direct Relief distributed three million rapid tests to support nearly 60 organizations in 20 countries worldwide.

33.3 million people worldwide are living with HIV/AIDS.

The HIV transmission rate has declined by almost 20% relative to 10 years ago (thought to be the peak of the epidemic).

Still, 2.6 million people were infected with HIV in 2009—over 7,000 infections every day.

There are two HIV infections for every one person starting HIV treatment.
FIGHTING OPPORTUNISTIC INFECTION

Cryptococcal meningitis and other serious fungal infections are frequent complications in patients infected with HIV. Through the Diflucan® Partnership Program, Pfizer’s antifungal medicine is made available by Direct Relief—$74.1 million in distributed Diflucan in 2010—to governments and nongovernmental organizations in developing countries free of charge for the treatment of opportunistic infections associated with HIV/AIDS.

In its tenth year, this partnership has provided nearly 3 million bottles of Diflucan (tablets, pediatric oral suspension, and IV fluid).

HOSPICE AND PALLIATIVE CARE SUPPORT

According to UNAIDS, an estimated 33.3 million people are living with HIV/AIDS. Africa has been the hardest hit by the HIV/AIDS pandemic, as the continent is home to 68 percent of those infected.

Through the African Palliative Care Association (APCA) and the Hospice and Palliative Care Association of South Africa (HPCASA), Direct Relief provides medical supplies and equipment to support hospice and home-based care providers caring for people with HIV and other serious illness.

In 2010, Direct Relief supplied providers at 28 sites in Uganda, South Africa, Zimbabwe, and Kenya.
STRENGTHENING THE SAFETY NET FOR 20 MILLION PEOPLE

“WE WANT TO EXPRESS OUR DEEP GRATITUDE for all of the help Direct Relief has given us in making sure our patients receive essential medicines and medical supplies. We serve homeless people and residents of public housing. Many of them have no insurance, and none of them have the capacity to pay out of pocket for expensive prescriptions or other supplies. Your help is a life saving resource.”

– Barbara L. Crider, Director of Health Services, York County Community Health Care, Sanford, ME
Many people in the U.S. are unable to pay for the medication and medical supplies necessary to improve or maintain their health status. Prescription drugs and medical supplies are costly, and too many people cannot afford to buy the medicine they need. People with low-incomes and limited or no health insurance face the most challenges obtaining medication and supplies. A large portion of this vulnerable population—over 20 million people—is seen at community clinics and health centers throughout the country each year.

Direct Relief USA is supporting more than $225 million in medical assistance to clinics for distribution to their patients who cannot afford their prescriptions. It’s a high-impact, low-cost program that has become increasingly important as the economy has faltered.

The expanded commitment to help in the U.S. prompted Direct Relief to build what is now the largest nonprofit program of its kind in the nation. Direct Relief is the first and only nonprofit organization that is a wholesale pharmacy distributor in all 50 states.

Our network of partner clinics and the information and distribution systems we have built to assist them are also a key platform for focused, efficient response during emergencies, to which low-income communities and people are most vulnerable.

"After providing significant support to the Gulf Coast Health Centers in the aftermath of Hurricane Katrina, Direct Relief has continued to make quality medications and medical products available to Health Centers across the country. Direct Relief staffers don’t just talk about their commitment to the underserved, the organization provides resources to help address the problem. The partnership is invaluable to Health Centers and people they serve."

– Malvise A. Scott, Senior Vice President, Partnership and Resource Development, National Association of Community Health Centers

SUPPORTING the SAFETY NET

Direct Relief USA strengthens community clinics and health centers throughout the United States through three programs:

- SAFETY NET SUPPORT: Increasing Access to Medication for Underserved People
- EMERGENCY PREPAREDNESS + RESPONSE: Building Resource Capacity in Times of Crisis
- REPLENISHMENT: Providing a Reliable, No-Cost Supply of Medications to Clinics
In 2004, Direct Relief USA launched a program to provide ongoing inventory support to the nation’s healthcare safety net by increasing access to pharmaceuticals and medical supplies. This program leverages Direct Relief’s partnerships with companies that donate medicine and supplies to assist safety net providers care for their low-income, uninsured patients.

To date, more than 1,100 community clinics and health centers across the country have received pharmaceuticals, medical supplies, and other resources from Direct Relief.

In FY2010, Direct Relief received support from more than 80 healthcare manufacturers. These companies donated more than 400 different medicines—from antibiotics to treat infections, to anti-hypertensives to help patients after suffering a heart attack. These medicines and supplies help keep clinics and their ever-growing patient populations healthy for their communities and families.

Direct Relief USA’s Replenishment Program is an innovative approach to disbursing pharmaceuticals and medical supplies to community clinics and health centers. Direct Relief builds on partnerships with healthcare companies to offer a stable source of products to safety net clinics through a single source at no cost. The program offers an alternative to navigating myriad individual patient assistance programs (PAP).

The Replenishment Program provides medications at no cost to eligible clinics that meet the enrollment criteria. Once a clinic is enrolled, all program medications dispensed to qualified patients are replenished on a bottle-for-bottle replacement basis, based on the past month’s utilization.

Traditional PAPs provide prescription medicines to low-income, uninsured patients and are an essential element of the nation’s healthcare safety net. To access these PAPs on behalf of their patient population, clinics must interface with each separate pharmaceutical company to become enrolled and receive requested medications. In a busy and high-volume clinic environment, PAP enrollment requires significant investment of time and administrative functionality that is burdensome to staff. Separate and distinct PAP requirements create an unintended barrier to access of medication and a delay in care. Direct Relief’s replenishment program is helping to address this major challenge.

Due to the economy, we have had more patients who were recently laid-off. With this increased patient load, we were able to continue to provide the same level of care since our paperwork and packages have decreased due to the replenishment program.

– Sharon Ng, Pharm.D., Pharmacy Director, Venice Family Clinic, Venice, CA

See HOW IT WORKS / Diagram 1

See BENEFITS
BENEFITS

Direct Relief USA’s Replenishment Program has substantial benefits for patients, safety net partners, healthcare companies, and public health:

FOR PATIENTS
✓ Increases access to medicine at the point of care
✓ Reduces wait time for prescriptions
✓ Improves health outcomes and medication compliance

FOR SAFETY NET CLINICS
✓ Improves efficiencies with a single process and point of access
✓ Reduces administrative burden and related costs

FOR HEALTHCARE AND PHARMACEUTICAL COMPANIES
✓ Reduces administrative burden
✓ Improves financial savings
✓ Expands benefits from charitable investment

FOR PUBLIC HEALTH
✓ Strengthens the safety net
✓ Increases access to care
✓ Enables more efficient expenditure of scarce resources
✓ Improves health outcomes

Diagram #1

HOW IT WORKS

Direct Relief USA provides ongoing inventory support to safety net clinics to maximize effectiveness and efficiency.

HEALTHCARE MANUFACTURERS
- Donate medications and medical supplies for targeted distribution to healthcare facilities serving uninsured and underinsured patients.

DIRECT RELIEF USA
- Conducts outreach to safety net partners to monitor and address resource needs.
- Offers and distributes no-cost medications and supplies to safety net partners.

COMMUNITY CLINICS AND HEALTH CENTERS
- Request and receive needed medications and medical supplies at no cost.
Helping Uninsured Patients with Diabetes
A PARTNERSHIP OF PREVENTION

In the United States, 23 million people—nearly eight percent of the population—have diabetes. Since this most recent economic crisis began, more than 8.2 million people have lost their jobs, and for many their health insurance along with it—455,000 of these people are estimated to have diabetes.

To address this growing need, Direct Relief USA and medical manufacturer Roche partnered to launch a nationwide program to assist people with diabetes who lack health insurance and are low-income. For these patients, obtaining the necessary diabetes testing supplies can be a prohibitive expense. The inability to regularly check blood glucose levels could result in a number of serious, sometimes life-threatening, complications, like stroke, heart disease, and kidney disease.

In an effort to prevent these serious complications, Roche teamed up with Direct Relief to donate test strips and glucose meters directly in the hands of the providers who service the country’s most vulnerable populations. This program provided thousands of patients who were unable to afford testing supplies with the resources necessary to better monitor and manage their condition.

Prior to 2010, Roche made diabetes testing supplies available to uninsured patients through its patient assistance program (PAP). However, with the high concentration of PAP-eligible patients treated at safety net clinics, the decision was made to partner with Direct Relief because of its strong network of over 1,100 community clinics and health centers nationwide. Direct Relief’s relationship with this clinic network enabled Roche to most effectively reach patients needing glucose testing products.

Safety net clinics and health centers were targeted where Roche had the highest utilization rates of their PAP, as well as high rates of unemployment. In January 2010, Direct Relief distributed a nationwide communication to inform clinics in these areas of the new program and to gauge their interest in participating. Clinics were also surveyed to enable a better understanding of their low-income patients with diabetes, with the goal of using the information to develop an allocation plan for the donation.

SANTA BARBARA NEIGHBORHOOD CLINIC’S DR. NIEL SULLIVAN (LEFT) RECEIVES DIABETES TEST STRIPS AND BLOOD GLUCOSE METERS FROM DIRECT RELIEF USA’S DAMON TAUGHER.
"Thank you for your generosity in donating insulin meters and other pharmaceuticals. Your donation will be put to good use, helping us provide medical care to those who are homeless or at risk of homelessness within our community."

- N. Lee Carroll, Executive Director, Health Care for the Homeless, Milwaukee, WI

1 in 3 U.S. ADULTS COULD HAVE DIABETES BY 2050 IF HEALTH TRENDS CONTINUE.

– CDC, 2010

RESULTS

$5 million in ACCU-CHEK® Aviva test strips and glucose meters donated and distributed

Over 200 clinics and health centers providing care to 1.8 million patients (9.4% of whom are uninsured with diabetes)

32 states + D.C.

Clinics were able to immediately deliver the supplies to their uninsured patients without the burden of additional applications or paperwork
EMERGENCY PREPAREDNESS HERE AT HOME

HERE ARE 3 WAYS DIRECT RELIEF IS READYING U.S. COMMUNITIES FOR DISASTERS
“Direct Relief continually meets identified gaps. Without their assistance we would not be able to provide...this level of preparedness that our community needs.”

– Nancy Lapolla, Director, Santa Barbara County Public Health Department's Office of Emergency Services
PREPARING CLINICS ALONG THE GULF COAST FOR the HURRICANE SEASON

Hurricanes pose an annual threat to people living along the Gulf of Mexico, and individuals who are low-income, have chronic medical conditions, or have limited access to transportation to evacuate are at higher risk for needing medical assistance. In times of emergency, clinics are one of the primary sources of care for these populations and are under-equipped to handle the large influx of patients. That’s why Direct Relief’s hurricane preparedness support is focused on readying these safety net healthcare providers.

REASURING THE SAFETY NET

Based on lessons learned from Hurricanes Katrina, Rita, and others, as well as work with the Texas Blue Ribbon Commission on Emergency Preparedness and Response, Direct Relief developed the hurricane preparedness (“prep”) pack program in 2007 to ensure that safety net clinics in at-risk areas have the resources necessary to offer rapid response in the event of a major storm. The pre-positioning of medical products is critical to ensure that patients’ needs are met and that medical professionals are equipped with the tools needed to treat the injured immediately following a disaster.

The packs are also designed to be mobile, so that they can be easily transported should a clinic have to evacuate and set up temporary operations off-site. This preparation also enables clinics to treat patients instead of referring them to already over-burdened hospital emergency rooms.

2010 PREPAREDNESS EFFORTS

Before the hurricane season began, Direct Relief USA delivered hurricane prep packs to 30 partner clinics in Alabama, Florida, Louisiana, Mississippi, and Texas.

U.S. partner clinics that received prep packs were selected for their location, past experience with emergency response, vulnerability of patient population, and capacity to treat victims during a disaster.

At a wholesale value of $12,000 each and stocked with enough materials to treat 100 patients for 3-5 days, the packs help providers treat conditions ranging from basic trauma injuries to chronic illnesses.

Any prep pack contents remaining after hurricane season were absorbed into clinic inventories to assure that the resources would be utilized and benefit their uninsured patient populations.
PREP PACKS provided to U.S. clinic partners
CONTAINED MEDICAL ITEMS TO TREAT 100 PATIENTS FOR 3-5 DAYS:

- Anti-infection and antibiotic medicines for injection, topical, and oral use
- Diabetes testing supplies including glucose meters, test strips, and lancets
- Insulin, insulin syringes, and oral medications for diabetes management
- Medications to treat hypertension
- Aspirin, acetaminophen, and other pain-management medicines
- Inhalers to treat patients with asthma
- Prescription drugs for the management of behavioral health conditions
- Emergency epinephrine doses for severe allergic reactions
- Medications for seizure control
- Medicines to prevent and treat eye infections
- Stethoscope, blood pressure cuffs, and exam gloves
- Gauze and elastic bandages for wound care

In case of emergency, the packs would have been opened and used as the first line of relief to patients seeking assistance.

- Catherine Russo, R.Ph., Pharmacist, Teche Action Clinic Family, Franklin, LA

Meanwhile, throughout the rest of hurricane alley...
Prepositioned hurricane modules prepare vulnerable Caribbean island nations

In 2010, Direct Relief placed 12 hurricane preparedness modules in Haiti, the Dominican Republic, and Jamaica. Larger in scale than the prep packs and tailored to international health needs, the modules include a broad spectrum of medical material aid: water purification supplies, oral rehydration solution, basic medicines, and wound-care supplies.

The modules contain supplies to treat up to 1,000 people for one month for a variety of conditions, a provision that allows time to deliver additional emergency aid consignment. In Haiti in particular, already poor roads become impassable during a hurricane’s flooding rains and mudslides, cutting off humanitarian aid deliveries. With prepositioned materials, healthcare providers have critical supplies on hand during an emergency and patients continue to receive the care they need.

In response to the devastating earthquake that struck Haiti in January and left millions of people displaced, two additional modules were prepositioned in Port-au-Prince at Direct Relief’s Haiti warehouse this year. These modules will remain available for immediate deployment should a hurricane hit earthquake-affected areas.

Like the prep packs, a hurricane module’s contents can support the ongoing work of healthcare providers and can be readily absorbed into their regular stock if not needed for emergency response.
Equipping Medical Reservists Here at Home

“Grab and Go” Medicine for Local Emergency Response Volunteers

Direct Relief equips local Medical Reserve Corps (MRC) units to ensure that medical volunteers are ready and able to help during public health emergencies. The nearly 900 MRC units around the country are completely volunteer and members must provide their own supplies and equipment for use during emergencies.

At the request of the Public Health Department’s Office of Emergency Services, and with support from FedEx, Direct Relief designed and provided 90 members of the Santa Barbara County MRC with custom preparedness kits.

In FY2010, Direct Relief provided 125 backpacks to the Ventura County MRC unit, and has plans to equip volunteers in Los Angeles County in FY2011.

The streamlined backpacks start at the basic level for an emergency medical technician, and include more advanced products and supplies for nurses and physicians. Contents include first-aid supplies, medications, and diagnostic tools, and enable MRC members—trained, credentialed medical personnel—to support the work of first responders when an emergency strikes.

Designed to “grab and go,” the preparedness kits were created with input from other experienced emergency responders, including physicians from the UCLA School of Medicine, the University of Pittsburgh, emergency field physicians from Australian Aid International, and representatives from the Santa Barbara Public Health Department.

MEETING A CRITICAL NEED.

- There are over 4,600 members of 45 MRC units in California and tens of thousands more nationwide that lack the appropriate medical resources necessary to mobilize in the event of an emergency.
- There were 79 federally-declared disasters in the U.S. in 2010, up from 59 in 2009.
- MRC members support the medical professionals first on-scene to treat injured people when a local emergency hits.
- 887 MRC units currently exist in the U.S., covering 72.6% of the country’s area and 89.5% of the 255.1 million people in the U.S.
Direct Relief USA plays an integral part in California’s Standardized Emergency Management System through partnership with the California Emergency Management Agency (Cal EMA). This allows us to further represent clinics, health centers, and public health officials by anticipating and addressing their material resource needs during an emergency.

Working with Cal EMA—due to our expertise in medical product distribution and our relationships with the country’s leading pharmaceutical and medical manufacturers—Direct Relief leads the distribution of donated medical resources to front-line health providers during an emergency for the Business and Utility Operations Center (BUOC). The BUOC engages private industry during emergencies, and includes representatives from Target, Wal-Mart, Home Depot, Lowes, the California Utilities Emergency Association, San Francisco Helicopters, the California Resiliency Alliance, and the California Grocers Association.

Direct Relief leads the distribution of donated medical resources to front-line health providers during an emergency in California.
OUR PART
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Grahamstown Hospice
Ingwavuma Orphan Care
Perinatal HIV Research Unit
South Coast Hospice
St. Bernard Hospice
St. Francis Hospice
Sunshine Coast Hospice
Transkei Hospice
Verulam Hospice
Zululand Hospice

National Health Training Institute / African Medical and Research Institute
Bugando Medical Centre
Dr. Atman Hospital
Elizabeth Glaser Pediatric AIDS Foundation
Friends of Christ Revival Ministries
Hospice Africa Uganda
Joy Hospice
Kawempe Home Care Initiative
Makerere University Johns Hopkins University
Marie Stopes Uganda
Rakai Community Based Health Project
Rays of Hope Hospice
Rugendebara Foundation for Health and Development
Uganda Reproductive Health Bureau

AFGHANISTAN

Afghan Health and Development Services
Afghan Institute of Learning
Afghan Reconstructive Surgery and Burn Center
Afshar Hospital
Aga Khan Health Services, Bamyan Province Referral Hospital
Jamaludin Wardak Clinic
Marie Stopes Afghanistan

BANGLADESH

Cox’s Bazar Hospital for Women and Children
Marie Stopes Bangladesh
Sangkalpa Trust
Shidhulai Swanirvar Sangstha

INDIA

Amrit Davaa World Health
Aravind Eye Hospital
Calcutta Rescue
Deenanath Mangeshkar Hospital
Meenakshi Mission Hospital
Pasam Trust
PRASAD Chikitsa
Shree Bidada Sarvodaya Trust
Sri Narayani Hospital and Research Center
Sri Ramakrishna Math
Sri Sathya Sai Medical Trust
The George Foundation
Vishranthi Canteine Trust
Wanless Hospital

ZAMBIA

Boston University Center for International Health
Centre for Infectious Disease Research in ZAMBIA
Kawambwa Hospital
Lubwe Mission Hospital
Mambilima Mission Hospital
Mansa General Hospital
Marie Stopes Zambia
Mbereshi Mission Hospital
Samfya District Hospital
St. Francis Mission Hospital
St. Paul’s Mission Hospital
Zambia Helper’s Society

Family Health International
Himalayan Health Care
National Center for AIDS Control
Family Health International
Shahid Gangalal National Heart Center

PAKISTAN

American Refugee Committee
Bethania Hospital
Marafie Foundation
Marie Stopes Pakistan
Murshid Hospital and Health Care Centre
Pakistan Institute of Prosthesis and Orthopedic Sciences

SRI LANKA

Batticaloa Teaching Hospital

AFGHANISTAN

$ 4,642,134
1,416,768 DDD*
146,848 lbs.
14,186 cu. ft.

BANGLADESH

$ 8,039,791
1,943,371 DDD*
202,485 lbs.
20,447 cu. ft.

INDIA

$ 8,039,791
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202,485 lbs.
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ZAMBIA

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146,848 lbs.
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Jamaludin Wardak Clinic
Marie Stopes Afghanistan

BANGLADESH

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Marie Stopes Bangladesh
Sangkalpa Trust
Shidhulai Swanirvar Sangstha

INDIA

Amrit Davaa World Health
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Calcutta Rescue
Deenanath Mangeshkar Hospital
Meenakshi Mission Hospital
Pasam Trust
PRASAD Chikitsa
Shree Bidada Sarvodaya Trust
Sri Narayani Hospital and Research Center
Sri Ramakrishna Math
Sri Sathya Sai Medical Trust
The George Foundation
Vishranthi Canteine Trust
Wanless Hospital

ZAMBIA

Boston University Center for International Health
Centre for Infectious Disease Research in ZAMBIA
Kawambwa Hospital
Lubwe Mission Hospital
Mambilima Mission Hospital
Mansa General Hospital
Marie Stopes Zambia
Mbereshi Mission Hospital
Samfya District Hospital
St. Francis Mission Hospital
St. Paul’s Mission Hospital
Zambia Helper’s Society

Family Health International
Himalayan Health Care
National Center for AIDS Control
Family Health International
Shahid Gangalal National Heart Center

PAKISTAN

American Refugee Committee
Bethania Hospital
Marafie Foundation
Marie Stopes Pakistan
Murshid Hospital and Health Care Centre
Pakistan Institute of Prosthesis and Orthopedic Sciences

SRI LANKA

Batticaloa Teaching Hospital
**Our Partners Fiscal Year 2010**

Total Wholesale Value $ >

*Defined Daily Dose (DDD)*

The WHO Collaborating Center for Drug Statistics Methodology at the University of Norway in Oslo. The DDD value indicates “the dose per day for a drug used for its main indication in adults.” It is intended as an international average, for the sake of standardization and comparison between...
The Defined Daily Dose (DDD) is a measure of drug utilization developed by the World Health Organization (WHO) and maintained by the WHO Collaborating Center for Drug Statistics Methodology at the University of Norway in Oslo. The DDD value indicates "the assumed average maintenance dose per day for a drug used for its main indication in adults." It is intended as an international average, for the sake of standardization and comparison between national contexts, not as a guide to actual prescriptions. For more information: http://www.whocc.no/ddd.
CFO Bhupi Singh and Inventory Control Associate Jesse Carrieri work in Direct Relief’s SAP enterprise software to streamline warehouse operations. The goal is simple: to deliver better-targeted humanitarian aid faster to people not served by conventional markets.
Introduction & Certification of Financial Statements

Direct Relief International had a very strong Fiscal Year 2010 in all areas of our activities and finances. We received a record $341 million in public support and provided a record $247 million in assistance around the world. Despite the economic downturn, 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 products) that are entrusted to the organization to fulfill its humanitarian mission. In Fiscal Year 2010, 95.6 percent of our total public support of $341 million was received in the form of in-kind medical products and certain other donated services (such as transportation services from FedEx, online advertising from Google, donated services from the GSK PULSE Partnership Program). The previous pages explain where and why these in-kind medical products were provided by the organization.

We recognize that merging cash and in-kind contributions in accordance with Generally Accepted Accounting Principles (GAAP) 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 Fiscal Year 2010 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 product contributions. Cash support—as distinct from the value of contributed products—is used to pay for the logistics, warehousing, transportation, program oversight, program staff salaries, purchasing of essential medical products, acquisition of donated medical products, and all other program expenses.

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

Timing of Revenue Recognition and Expenses

First is the timing of donations being received and the expenditure of those donations, whether in the form of cash or in-kind medical products. Donations—including those received to conduct specific activities—are recorded as revenue when they are received or promised, even if the activities are to be conducted in a future year. The in-kind product 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 fiscal year of receipt, it may occur in the following fiscal year. An expense is recorded and inventory is reduced when the products are shipped to our partners.

In the fiscal year ended June 30, 2010, Direct Relief received a large infusion of product donations. When the fiscal year ended, the product inventories that had not been “spent” were reported as an increase in net assets or a “surplus.” This increase in net assets will be carried forward and “spent” during the course of Fiscal Year 2011. This could result in a decrease in net assets (or net operating “loss”) in Fiscal Year 2011 which would be primarily driven by a decrease in inventory as Direct Relief ships more in humanitarian aid than it potentially receives in product donations.

Administrative Expenses

As explained below, the Direct Relief Foundation pays for all the administration and fundraising expenses of the organization through monthly Board-approved transfers of funds to Direct Relief. In addition, our organization has adopted a strict policy to ensure that 100 percent of all designated contributions (e.g., donations for the “Haiti earthquake”) are used only on expenses directly related to that purpose. We have used similar policies for all of our disaster responses in the last few years, including the Myanmar Cyclone, the Indian Ocean tsunami, Hurricanes Katrina and Rita, and earthquakes in Pakistan, Peru, China and Chile.

Consistent with this policy, all administration expenses, including banking and credit-card processing fees associated with simply receiving these disaster and other designated contributions, were absorbed by the Foundation as discussed above. 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 donations of in-kind medical products. We continue to use the wholesale prices published by independent, third-party sources for valuation whenever possible. Specifically for donations of U.S. Food and Drug Administration (FDA)-approved branded and generic pharmaceutical products, the valuation basis for product values is the “Wholesale Acquisition Price” (WAC) as published by Thomson Reuters in the Red Book. The Red Book is an industry recognized drug and pricing reference guide for pharmaceuticals in the United States.

This principle of using the WAC is always applied, distinguishing generic pharmaceuticals from brand name products as the valuation for generics is almost always much lower. For non-FDA-approved pharmaceuticals the organization undertakes efforts to identify a wholesale value using independent pricing guides related to the specific product, by the specific manufacturer, the price paid by a third-party buyer, or some other reasonable basis.

For used medical equipment, the organization determines wholesale value by reviewing the price of similar equipment listed for sale in trade publications and online pricing. 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. Another way to achieve a higher valuation would be to use branded product values for generic donations. However, we believe that a conservative approach is best to instill public confidence and provide the most accurate, easy-to-understand basis for our financial reporting.

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**Direct Relief Foundation and the Board-Restricted Investment Fund**

In 1998, Direct Relief’s Board of Directors established a Board-Restricted Investment Fund (BRIF) 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 cash surpluses (measured annually) in excess of current operational needs. There was no operating cash surplus for the year ended June 30, 2010.

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 Board has adopted investment and spending policies for the BRIF assets that attempt to provide a predictable stream of funding to Direct Relief while seeking to maintain the purchasing power of these assets. Under this policy, as approved by the Board of Directors, the BRIF assets are invested in a manner that is intended to produce results that provide a reasonable balance between the quest for growth and the need to protect principal. The Foundation expects its BRIF funds, over time, to provide an average rate of return of approximately six percent annually. Actual returns in any given year may vary from this amount.

To satisfy its long-term rate-of-return objectives, the Foundation relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The organization targets a diversified asset allocation balanced between equity and fixed income investments to achieve its short-term spending needs as well as long-term objectives within prudent risk constraints.

The Foundation has a policy of appropriating for distribution each year an amount up to five percent of the assets of the BRIF. In some instances, the Board may decide to appropriate an amount greater than its stated policy if it is specifically deemed prudent to do so. The BRIF is authorized to distribute its portfolio assets to pay for all fundraising and administration expenses, including extraordinary capital expenses and advance emergency 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.

As of June 30, 2010, the total funds held in the Foundation were valued at $29.1 million. Of this amount, the BRIF held $28.4 million. During the current fiscal year, $2.8 million was distributed to cover all fundraising and administration costs, and $844,000 covered implementation costs for additions and enhancements to the organization’s enterprise-resource planning IT platform.

Finally, we note that our organization’s independently audited financial activities were also reviewed by an audit committee, one member of which is independent and not a director of the organization. This additional level of independent review is required under California law.

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**FISCAL YEAR 2010 ANNUAL REPORT**

[Signatures]

**THOMAS TIGHE, President & CEO**

**BHUPI SINGH, COO & CFO**
### Combined Statement of Activities
*Direct Relief International & Direct Relief Foundation*

For the fiscal years ending June 30, 2010, and June 30, 2009

<table>
<thead>
<tr>
<th></th>
<th>2010</th>
<th>2009</th>
</tr>
</thead>
<tbody>
<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>$325,960</td>
<td>$157,869</td>
</tr>
<tr>
<td>Contributions of cash and securities—other</td>
<td>$14,938</td>
<td>$8,164</td>
</tr>
<tr>
<td><strong>Total Public Support</strong></td>
<td>$340,898</td>
<td>$166,033</td>
</tr>
<tr>
<td>Revenue:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Earnings from investments and other income</td>
<td>$2,099</td>
<td>($10,262)</td>
</tr>
<tr>
<td><strong>Total Public Support and Revenue</strong></td>
<td>$342,997</td>
<td>$155,771</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>$244,643</td>
<td>$147,892</td>
</tr>
<tr>
<td>Inventory adjustments (expired pharmaceuticals, etc.)</td>
<td>$12,770</td>
<td>$13,480</td>
</tr>
<tr>
<td>Disaster relief—other</td>
<td>$1,755</td>
<td>$818</td>
</tr>
<tr>
<td>Domestic programs</td>
<td>$2,444</td>
<td>$6,844</td>
</tr>
<tr>
<td>International programs</td>
<td>$8,359</td>
<td>$1,797</td>
</tr>
<tr>
<td><strong>Total Program Services</strong></td>
<td>$269,971</td>
<td>$170,831</td>
</tr>
<tr>
<td>Supporting Services:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Fundraising</td>
<td>$1,560</td>
<td>$987</td>
</tr>
<tr>
<td>Administration</td>
<td>$2,173</td>
<td>$2,225</td>
</tr>
<tr>
<td><strong>Total Supporting Services</strong></td>
<td>$3,733</td>
<td>$3,212</td>
</tr>
<tr>
<td><strong>Total Expenses</strong></td>
<td>$273,704</td>
<td>$174,043</td>
</tr>
<tr>
<td><strong>Increase (Decrease) in Net Assets</strong></td>
<td>$69,293</td>
<td>($18,272)</td>
</tr>
</tbody>
</table>

### Combined Statement of Cash Flows
*Direct Relief International & Direct Relief Foundation*

For the fiscal years ending June 30, 2010, and June 30, 2009

<table>
<thead>
<tr>
<th></th>
<th>2010</th>
<th>2009</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>$14,810</td>
<td>$7,678</td>
</tr>
<tr>
<td>Cash paid for goods and services</td>
<td>($13,911)</td>
<td>($10,993)</td>
</tr>
<tr>
<td>Dividend and interest income</td>
<td>$514</td>
<td>$578</td>
</tr>
<tr>
<td>Other income (expense)</td>
<td>–</td>
<td>$2</td>
</tr>
<tr>
<td><strong>Net Cash Provided by Operating Activities</strong></td>
<td>$1,413</td>
<td>($2,735)</td>
</tr>
<tr>
<td><strong>Cash Flows from Investing Activities</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Purchase of investments</td>
<td>($21,227)</td>
<td>($28,554)</td>
</tr>
<tr>
<td>Proceeds from sale of investments</td>
<td>$19,576</td>
<td>$34,758</td>
</tr>
<tr>
<td>Purchase of capital assets</td>
<td>($1,055)</td>
<td>($1,125)</td>
</tr>
<tr>
<td>Unitrust distributions</td>
<td>($2)</td>
<td>($11)</td>
</tr>
<tr>
<td><strong>Net Cash Used by Investing Activities</strong></td>
<td>($2,707)</td>
<td>$8,068</td>
</tr>
<tr>
<td><strong>Cash Flows from Financing Activities</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Payments on mortgage</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>Payments on capital lease obligation</td>
<td>($3)</td>
<td>($4)</td>
</tr>
<tr>
<td><strong>Net Cash Used for Financing Activities</strong></td>
<td>($3)</td>
<td>($4)</td>
</tr>
<tr>
<td><strong>Net Increase (Decrease) in Cash and Cash Equivalents</strong></td>
<td>($1,297)</td>
<td>$5,329</td>
</tr>
<tr>
<td><strong>Cash and Cash Equivalents - Beginning of Year</strong></td>
<td>$8,606</td>
<td>$3,277</td>
</tr>
<tr>
<td><strong>Cash and Cash Equivalents - End of Year</strong></td>
<td>$7,309</td>
<td>$8,606</td>
</tr>
</tbody>
</table>
### RECONCILIATION OF CHANGE IN NET ASSETS TO NET CASH PROVIDED BY OPERATING ACTIVITIES

<table>
<thead>
<tr>
<th>Description</th>
<th>D 2010 (Includes DRI South Africa)</th>
<th>Direct Relief Foundation 2010</th>
<th>Total June 2010</th>
<th>June 2009</th>
</tr>
</thead>
<tbody>
<tr>
<td>Change in net assets</td>
<td>$ 69,293</td>
<td>$ (18,272)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Adjustments to reconcile change in net assets to net cash provided by operating activities:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Depreciation</td>
<td>$ 556</td>
<td>$ 524</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Change in inventory</td>
<td>($67,163)</td>
<td>3,802</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Change in receivables</td>
<td>($111,110)</td>
<td>1,501</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Change in prepaid expenses and other assets</td>
<td>-</td>
<td>-</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Change in accounts payable and accrued expenses</td>
<td>438</td>
<td>1,407</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Loss on disposal of fixed assets and other assets</td>
<td>($4)</td>
<td>-</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Realized (gain)/loss on sale of investments</td>
<td>($736)</td>
<td>6,632</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Unrealized (gain)/loss on investments</td>
<td>($652)</td>
<td>4,273</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>NET CASH PROVIDED BY OPERATING ACTIVITIES</strong></td>
<td><strong>$ 1,413</strong></td>
<td><strong>$ (2,735)</strong></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

### Statement of Financial Position

For the fiscal years ending June 30, 2010, and June 30, 2009

<table>
<thead>
<tr>
<th>Description</th>
<th>DRI 2010</th>
<th>Direct Relief Foundation 2010</th>
<th>Total June 2010</th>
<th>June 2009</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>ASSETS</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash and cash equivalents</td>
<td>$ 4,833</td>
<td>$ 2,476</td>
<td>$ 7,309</td>
<td>$ 8,606</td>
</tr>
<tr>
<td>Investments</td>
<td>4</td>
<td>25,954</td>
<td>25,958</td>
<td>22,899</td>
</tr>
<tr>
<td>Inventories</td>
<td>111,110</td>
<td>111,110</td>
<td>222,220</td>
<td>43,947</td>
</tr>
<tr>
<td>Other current assets</td>
<td>269</td>
<td>249</td>
<td>518</td>
<td>349</td>
</tr>
<tr>
<td><strong>TOTAL CURRENT Assets</strong></td>
<td>116,196</td>
<td>28,430</td>
<td>144,626</td>
<td>75,801</td>
</tr>
<tr>
<td>Other Assets</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Property and equipment</td>
<td>6,368</td>
<td>-</td>
<td>6,368</td>
<td>5,872</td>
</tr>
<tr>
<td>Remainder unitrusts</td>
<td>-</td>
<td>677</td>
<td>-</td>
<td>268</td>
</tr>
<tr>
<td>Pledged bequests</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>3</td>
</tr>
<tr>
<td>Other assets</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>3</td>
</tr>
<tr>
<td><strong>TOTAL OTHER ASSETS</strong></td>
<td>6,368</td>
<td>677</td>
<td>7,045</td>
<td>6,143</td>
</tr>
<tr>
<td><strong>TOTAL ASSETS</strong></td>
<td>$ 122,564</td>
<td>$ 29,107</td>
<td>$ 151,671</td>
<td>$ 81,944</td>
</tr>
<tr>
<td><strong>LIABILITIES AND NET ASSETS</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Current Liabilities</td>
<td>$ 1,309</td>
<td>-</td>
<td>$ 1,309</td>
<td>$ 869</td>
</tr>
<tr>
<td>Payables and other current liabilities</td>
<td>3</td>
<td>-</td>
<td>3</td>
<td>5</td>
</tr>
<tr>
<td>Current portion of long-term debt</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>TOTAL CURRENT LIABILITIES</strong></td>
<td>1,312</td>
<td>-</td>
<td>1,312</td>
<td>874</td>
</tr>
<tr>
<td>Other Liabilities</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Long-term debt</td>
<td>1,400</td>
<td>-</td>
<td>1,400</td>
<td>1,400</td>
</tr>
<tr>
<td>Capital lease obligation</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>3</td>
</tr>
<tr>
<td>Distribution payable</td>
<td>7</td>
<td>7</td>
<td>7</td>
<td>8</td>
</tr>
<tr>
<td><strong>TOTAL OTHER LIABILITIES</strong></td>
<td>1,407</td>
<td>-</td>
<td>1,407</td>
<td>1,411</td>
</tr>
<tr>
<td><strong>TOTAL LIABILITIES</strong></td>
<td>2,719</td>
<td>-</td>
<td>2,719</td>
<td>2,285</td>
</tr>
<tr>
<td><strong>NET ASSETS</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Unrestricted net assets</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Board-Restricted Investment Fund (BRIF)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Undesignated</td>
<td>115,019</td>
<td>(1,448)</td>
<td>113,571</td>
<td>47,163</td>
</tr>
<tr>
<td><strong>TOTAL UNRESTRICTED NET ASSETS</strong></td>
<td>115,019</td>
<td>27,634</td>
<td>142,653</td>
<td>77,398</td>
</tr>
<tr>
<td>Temporarily restricted assets</td>
<td>4,826</td>
<td>1,448</td>
<td>6,274</td>
<td>2,236</td>
</tr>
<tr>
<td>Permanently restricted assets</td>
<td>-</td>
<td>25</td>
<td>25</td>
<td>25</td>
</tr>
<tr>
<td><strong>TOTAL NET ASSETS</strong></td>
<td>119,845</td>
<td>29,107</td>
<td>148,952</td>
<td>79,659</td>
</tr>
<tr>
<td><strong>LIABILITIES AND NET ASSETS</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>$ 122,564</td>
<td>$ 29,107</td>
<td>$ 151,671</td>
<td>$ 81,944</td>
<td></td>
</tr>
</tbody>
</table>
FISCAL YEAR RESULTS

The overall assistance furnished by Direct Relief in Fiscal Year 2010 was a record $247 million. Direct Relief received no governmental assistance. All resources were obtained from private sources. In the fiscal year ending June 30, 2010, Direct Relief provided 5,629 shipments of humanitarian medical material aid including pharmaceuticals, medical supplies, and medical equipment. The more than 1,930 tons (just under 3,900,000 pounds) of material aid were furnished to local health programs in 61 countries, including the United States, and had a wholesale value of $245 million. The materials contained in these aid shipments were sufficient to provide 77.4 million Defined Daily Doses. In addition, the organization provided $2.23 million in the form of cash grants to dozens of locally run health programs in areas affected by the January 2010 earthquake in Haiti, the April 2010 earthquake in China, the May 2008 Myanmar cyclone, the December 2004 Indian Ocean tsunami, and numerous other partners providing health services in other non-disaster areas.

The Defined Daily Dose (DDD) is a measure of drug utilization developed by the World Health Organization (WHO) and maintained by the WHO Collaborating Center for Drug Statistics Methodology at the University of Norway in Oslo. Direct Relief adopted this new metric for FY2010 as a measure of pharmaceutical aid provided. Comparable numbers from prior years are not available. The DDD value indicates “the assumed average maintenance dose per day for a drug used for its main indication in adults.” It is intended as an international average, for the sake of standardization and comparison between national contexts, not as a guide to actual prescriptions. For more information: www.whocc.no/ddd.

All financial statements presented in this report show both the results for Fiscal Year 2010 and those of Fiscal Year 2009 for comparison purposes.
In Fiscal Year 2010, for every $1 contributed and spent for our core medical assistance program (excluding emergency response), the organization provided $24.4 worth of wholesale medical material assistance. These program expenses totaled $7.8 million. The expenditure of these funds enabled Direct Relief to furnish $190 million (wholesale value) of medical material resources to 61 countries for the support of ongoing health needs.

CASH GRANTS

In addition to the core medical material assistance program, Direct Relief also provided financial assistance of $2.23 million through cash grants. The majority of these grants (approximately $1.4 million) were made from designated contributions received in this and past fiscal years for the January 2010 earthquake in Haiti, the April 2010 earthquake in China, the Myanmar cyclone in 2008, Indian Ocean tsunami of 2004, and numerous other partners providing health services in other non-disaster areas.

The organization incurred $1.9 million in cash expenditures this fiscal year for the Haiti earthquake response, of which $669,000 was in the form of cash grants to support essential recovery efforts conducted by local, grassroots non-governmental and community groups in Haiti. As of June 30, 2010, the organization had spent over 30 percent of the funds received for this purpose.

These activities were accomplished by a staff which, as of June 30, comprised 52 positions (47 full-time, 5 part-time). Measured on a full-time equivalent (FTE) basis, the total staffing over the course of the year was 49.6. This figure is derived by dividing the total hours worked by 2,080, the number of work hours of a full-time employee in one year. Two persons each working half-time, for example, would count as one FTE.

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.

HIGH-IMPACT VOLUNTEERING

Direct Relief has teamed up with GlaxoSmithKline through the PULSE Volunteer Partnership, an initiative that empowers GSK employees to make a sustainable difference for communities and patients in need. Since the program began in 2009, 25 volunteers have been given an opportunity to use their professional skills and knowledge in areas such as project management, clinical health, and logistics and supply chain management, during a three- or six-month immersion experience with Direct Relief. Volunteering in under-served communities in India, Kenya, South Africa, Uganda and the U.S., volunteers like Olga Peñacorada-Cillero and Randy Easterly (above) collaborate to address a clear need while developing their own leadership capabilities.

TO LEARN MORE about PULSE, visit www.directrelief.org/SupportUs/CorporateGiving/PulseVolunteerProgram.aspx
In Fiscal Year 2010, Direct Relief’s cash expenditures on program activities totaled $11.42 million, $2.89 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 28 full-time and six part-time employees engaged in programmatic functions.

**PROGRAM EXPENSES**

**ALSO INCLUDED:**

- Cash grants to partner organizations ($2.23 million, of which $669,000 was for Haiti earthquake relief, $207,000 was for the Myanmar cyclone relief, $65,000 was for tsunami relief, $130,000 for China earthquake relief, and numerous other partners providing health services in other non-disaster areas)
- OceanFair freight and trucking for outbound shipments to partners, in-country transportation and inbound product donations ($3.2 million, of which $1.3 million was donated)
- Travel for oversight and evaluation ($363,000); contract services ($1.7 million, of which $600,000 was donated); packing materials and supplies ($253,000); and disposal costs for expired pharmaceuticals ($51,000)
- The value of expired products disposed of ($12.77 million)
- A pro-rata portion of other allocable costs (see page 49)
FUNDRAISING EXPENSES
Direct Relief spent a total of $1.56 million on resource acquisition and fundraising in Fiscal Year 2010. As noted earlier, these expenses (other than donated services) were paid from funds received out of the assets of the Direct Relief Foundation. A total of $714,000 was spent for salaries, related benefits, and taxes for six full-time employees engaged in resource acquisition and fundraising.

FUNDRAISING EXPENSES
ALSO INCLUDED:

- $74,000 for the production, printing, and mailing of newsletters, the annual report, tax-receipt letters to contributors, fundraising solicitations, and informational materials
- $5,000 in advertising and marketing costs
- $457,000 in contract services ($349,000 of which were donated services)
- $24,000 in supplies in support of the fundraising staff
- $50,000 in outside computer services related to fundraising
- A pro-rata portion of other allocable costs (see page 49)

It should be noted that Direct Relief does not classify any mailing expenses or costs for informational materials 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. The $115,000 that was incurred for such expenses was only allocated between fundraising and administration expenses.
Direct Relief spent a total of $2.17 million on administration. As noted earlier these expenses (other than donated services) were paid from funds received out of the assets of the Direct Relief Foundation. Administration expenses are those that relate to financial and human resource management, information technology, communications, public relations and general office management.

A total of $1.08 million was for salaries, related benefits, and taxes for 11 full-time employees and one part-time employee engaged in administration and financial management. Administration expenses (excluding donated services) for the FY 2010 were $100,000 lower than prior fiscal year.

**PROGRAM EXPENSES ALSO INCLUDED:**

- $60,000 in credit card, banking, and brokerage fees
- $83,000 for duplicating and printing, of which $21,000 was spent on producing our Fiscal Year 2009 Annual Report
- $575,000 in consulting fees including information technology services ($124,000), management fees for invested assets ($60,000), communication services ($326,000, of which $198,000 were donated services from Google and the GSK PULSE Partner Program), and recruiting/other human resource services of $9,000.
- $52,000 in accounting fees for the annual CPA audit, payroll processing and reporting, and other financial services
- $91,000 in legal fees, of which $58,000 was provided pro bono for legal representation related to general corporate matters
- $5,000 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)
OTHER ALLOCABLE COSTS: 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 above. 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 from funds provided by 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.

In Fiscal Year 2010, EVERY DOLLAR INVESTED IN DIRECT RELIEF LEVERAGED $24.4 IN MEDICAL MATERIAL AID.

“We efficiently and effectively use the resources entrusted to us by our donors to provide extraordinary value for money so that we can help more people and fulfill our mission of a healthier world.”

– BHUPI SINGH

Direct Relief International COO & CFO
Our deepest thanks to the following investors, whose generosity over the last year* has enabled service to millions of people throughout the world.

*FISCAL YEAR 2010 = JULY 1, 2009 – JUNE 30, 2010

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Why Direct Relief?

“Direct Relief is exceptional for its combination of the values and mission of a humanitarian organization with the dynamism and agility of a Silicon Valley start-up.”

– Bruce Campbell, longtime supporter

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"By giving Direct Relief access to our powerful global transportation network, we help them serve more people with essential medical provisions. We applaud their work and look forward to continuing our support of this outstanding organization."

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"Direct Relief has great reach and efficacy. Just think, a humanitarian aid organization based in a small city in the U.S. which has, in just the last 10 years, sent over $1.2 billion of medical aid to people suffering from poverty, war, or natural disaster around the world. It can’t be beat.”

— Richard Godfrey, Direct Relief Board of Directors

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“Direct Relief has operated under challenging economic conditions this past year yet it continues to distinguish itself as one of the forefront institutions by providing exceptional support to those in need around the world.”

Kevin Breeden, President of Millets, Inc.
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“Our long-standing relationship with Direct Relief is inspired by a common goal to help all people live healthier lives. Together, we have found innovative ways to leverage financial, intellectual, and technical resources to deliver aid and strengthen healthcare systems, reaching people who need around the world.”

— Edward J. Ludwig, Chairman, President and CEO BD
Why Direct Relief?

“I am grateful for the privilege of working with the dedicated, ethical, talented leadership, directors, staff and other donors who are so devoted to this humanitarian global program. Direct Relief International,” this name is so true and highly respected worldwide.”

- Patricia M. Mitchell, longtime supporter

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Why Direct Relief?

“Direct Relief is, without question, the most efficient and effective method of helping disadvantaged people of the world—especially mothers and children, who are the most vulnerable. This work moves me immensely.”

- Catherine Firestone, former Direct Relief Board of Directors

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The Legacy Society exclusively recognizes those visionary and caring individuals who have included Direct Relief International in their estate plans. Their commitment and dedication are shining examples of generosity that will help Direct Relief International continue its efforts to help people affected by poverty, disasters, and civil unrest live better, healthier lives.

For information on planned giving or on becoming a member of the Legacy Society, please contact Jill Muchow Rode, CFRE, at (805) 964-4767 x181 or visit us online at www.legacy.vg/directrelief/giving/1.html

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FISCAL YEAR 2010 ANNUAL REPORT
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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, bringing resources to the most medically underserved communities in the U.S. and abroad.

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 to 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 preparedness and response.

Many Thanks

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 Sarah Wilkinson
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 Designed by Sarah Wilkinson

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Our mission is to improve the health and lives of people affected by poverty, disaster, and civil unrest.

- **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 those affected 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.