FISCAL YEAR 2014
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July 1, 2013 - June 30, 2014

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Our mission is to improve the health and lives of people affected by poverty or emergency situations by mobilizing and providing essential medical resources needed for their care.
MESSAGE FROM
THE CHAIR AND PRESIDENT & CEO
We are pleased to share Direct Relief’s annual report on Fiscal Year 2014. We also are pleased to report that during this period—July 1, 2013, through June 30, 2014—Direct Relief responded to more requests for assistance, fulfilled its humanitarian mission more expansively, and provided more assistance to more people in need than ever before in the organization’s 66-year history.

We recognize, with the deepest of gratitude, that Direct Relief was able to help more people and to do so efficiently because of the expanded participation and support of businesses, organizations, and individuals whose names are listed in this report. Participation comes in many sizes and forms, but each reflects a decision that was not required by the person who made it, which adds a special meaning to Direct Relief’s activities.

By the financial indicators on which Direct Relief and all nonprofits are in part measured, and included in annual reports such as this, the FY2014 results were very positive. Overall, the organization provided over $500 million in assistance for the first time ever in a 12-month period, which represented an increase of more than 40 percent from the previous year. Importantly, Direct Relief’s multi-year investments in technology and systems, which have been critical to how the organization provides assistance, also enabled the expanded efforts to be done with greater efficiency, transparency, and precision than ever before.

However, why Direct Relief exists—the reason it was founded in 1948 and its simple humanitarian purpose—is unchanged and central to both the day-to-day and long-term activities.

Health remains fundamental for every person to realize his or her potential and enjoy the wonders of life. Preventive care and access to care when sickness or injury occurs is essential to health. Each day, millions of people in the United States and around the world confront severe health risks and high barriers to needed care and medications because they are without the means to pay. And each year, disasters and other emergencies create urgent health risks for millions of people, particularly those of limited means who face severe challenges as a matter of course and were most vulnerable the day before an emergency struck.

Direct Relief’s simple, humanitarian mission is to provide life-saving medical aid to people in urgent need. And the organization’s approach is to work with those in the communities, helping them improve and expand their services by providing resources to which they otherwise have no access. This approach is necessary for the long-term goals of improving health in the hardest-pressed communities, informing emergency response efforts, and making the most at-risk communities more resilient.

Direct Relief has many different partners, and one simple cause. As a privately-funded charitable organization, Direct Relief is continually inspired by the involvement of thousands of individuals, companies, foundations, and organizations whose involvement is essential in ways big and small. Direct Relief’s tradition of adapting new technologies and modern business practices for humanitarian purposes continued over the course of the past year.

During FY2014, Direct Relief received two honors that reflect the unique span of partners with which Direct Relief is privileged to work. CECP (formerly known as the Committee to Encourage Corporate Philanthropy), the organization founded by the late actor Paul Newman, honored Direct Relief with its Directors’ Award as the leading example of how a nonprofit organization can work with businesses on a social good. Weeks later, Direct Relief received from the National Association of Community Health Centers—the organization that represents the network of nonprofit facilities in the U.S. that serve 23 million people (1 in 15 persons in the country)—its highest award for the unwavering support that Direct Relief has provided to health centers nationwide.

Both awards are important to share with you and all of Direct Relief’s supporters, since it was your participation that earned them. Moreover, they reflect how Direct Relief is trying to bring together the critically important perspectives—from the highest level of both public-service, public-health focused health nonprofits as well as from the highest level of business. Together, these perspectives, and those of individuals who also participate, can create much more significant advances toward the common goal of improved health and opportunity for the least fortunate among us, which is Direct Relief’s longstanding vision.

Please accept our deepest thanks, again, for your involvement in Direct Relief’s important humanitarian work that helps people facing severe challenges live, be healthier, and realize the inherent wonders of life.
Since 1948, Direct Relief has improved the health and lives of people affected by poverty or emergency situations by mobilizing and providing essential medical resources needed for their care—both within the United States and throughout the world.

How Direct Relief was able to provide more help to more people than ever before this fiscal year was due in large part to partnerships with some of the world’s leading companies—taking their highly efficient and effective tools and using them to help solve some of the most vexing global health issues facing humanity today.

A newborn baby in the delivery tent of the Bumi Wadah birth camp in Dulag, Philippines. Learn more about the Direct Relief-supported camp on page 7.
Here are 3 partnerships in which Direct Relief is engaged to transform health for people in need in all 50 U.S. states and around the world.

FY2014 Corporate Partners

Some of the world’s leading corporations and foremost institutions partner with Direct Relief, bringing their financial resources and tools to bear on health issues affecting people in need.

3M
Abbott & Abbott Fund
AbbVie & AbbVie Foundation
Actavis Pharma, Inc.
Aera Energy LLC
Akorn Pharmaceuticals
Alcon Laboratories, Inc.
Allergan, Inc.
Amgen Foundation, Inc.
Amneal Pharmaceuticals
Ansell Healthcare
AstraZeneca
Balanced, Inc.
Basic Medical
Baxter International Inc.
BD
Beverly Tree Farm LLC
Bluebonnet Nutrition Corporation
Boehringer Ingelheim
Brickyard VFX
Bristol-Myers Squibb
C. R. Bard
CalmoSeptine, Inc.
Cardinal Health
Cera Products, Inc.
Chattem Inc.
Chevron Corporation
Cisco Systems, Inc.
Clif Bar & Company
The Clorox Company
Cost Plus World Market
Covidien
Crosstex International
CVS Corporation
Dentsu McGarry Bowen LLC
Dermalogica Foundation
Dodge and Cox
Drip Drop, Inc.
eBay Foundation
Eileen Fisher, Inc.
Eli Lilly and Company
Equipped2Heal
Ethicon, Inc.
FedEx
Genentech, Inc.
Genzyme Corporation
GF Health Products, Inc.
Golden Touch Imports Inc.
Goldman Sachs Group, Inc.
Google
Grifols, Inc.
GSK
GSMS Incorporated
Handpiece Trading / Maramar Dental
Hanover Environmental Services Inc.
Hardware Distributors Ltd.
Henry Schein, Inc.
Hospira, Inc.
Humble Bundle
IBM Corporation
Illinois Tool Works Foundation
The Information Blanket
Integra LifeSciences Sales LLC
Janssen Pharmaceuticals
Jin Ramen Corporation
Johnson & Johnson Companies
Karl Storz, Inc.
Kimberly-Clark
Life Uniform Company
LifeScan, Inc.
Luma Pictures
McKesson Medical-Surgical
Meal Kit Supply America LLC
Meda Pharmaceuticals
The Medtronic Foundation
Medvantx Incorporated
Mentor Worldwide LLC
Merck & Co., Inc.
Microflex
Microsoft Corporation
Midmark Corporation
Mylan Laboratories Inc.
N. B. Kenney Company Inc.
Nephrone Pharmaceuticals
Neutrogena Corporation
News America Incorporated
Novartis Corporation
Omnon Healthcare, Inc.
Ortho Clinical Diagnostics, Inc.
Orthopaedic Resources, Inc.
The P&G Fund
Palantir Technologies
Pfizer, Inc.
PR Newswire Association, LLC
Prestige Brands
Recordati Rare Diseases, Inc.
REM Eyewear
Roche Diagnostics
SAM Medical Products
Sanofi Pasteur
Sanofi US Foundation for North America
Sappo Hill Soapworks
Sempermed USA
Shire
Smile Train
Soap Guy
Sunrise Pharmaceutical, Inc.
Takeda Pharmaceuticals USA, Inc.
Teva Pharmaceuticals
Trigen Laboratories
Tulipe
UG Healthcare
Urban Outfitters, Inc.
Venoco, Inc.
Ventura Global Health Project
Virtus Pharmaceuticals
Walt Disney Company
Wells Fargo
Yahoo!
Zinpro Corporation
Zynga Game Network
In May of 2014, CECP—a coalition founded by the late Paul Newman of 150 CEOs united in the belief that societal improvement is an essential measure of business performance—presented Direct Relief its 2014 Directors’ Award for working with FedEx to help tens of millions of people in need in the U.S. and around the world access life-saving medicines and supplies.

Since 1993, FedEx has been a force multiplier in Direct Relief’s humanitarian efforts and has brought amazing scale, efficiency, and precision to helping people in poverty or affected by disasters get the critical help they need.

In the U.S. alone, more than 10 million people have received over $400 million in needed medications—all delivered by FedEx.

Corporate participation in disaster relief efforts has been increasingly important to the business bottom line, as employees and customers look to companies—not just governments or aid organizations—to provide critical relief assistance. In November 2013, FedEx provided Direct Relief an emergency airlift of medical supplies to care for 250,000 people affected by Typhoon Haiyan in the Philippines.

This is a powerful example of the essential, lifesaving activity that simply could not happen without this type of collaboration. Although a strong case for a profitable business does not exist in every situation where a compelling human case does, businesses’ insight, tools, and skills are equally applicable to address many of the inherent challenges involved, which are essentially the same.

“CECP’s awards recognize businesses, nonprofits, and individuals that demonstrate strong connections between community solutions and business strategy,” stated Daryl Brewster, CEO of CECP. “This year’s winners used their resources, know-how, and passion to address tough societal issues and exhibit in a forthright way the win-win nature of business investing in society.”
FY2014 Year in Review

PHILIPPINES
TYphoon RELIEF

Direct Relief provided 200 tons, $13.2 million in medicines and medical material to 100 hospitals, clinics, and medical teams caring for people affected by Typhoon Haiyan.

In Dulag, Leyte Island, where 80% of homes were destroyed, Direct Relief provided the resources to help the Bumi Wadah birth camp keep up with the 100 births it would oversee each month.

FY2014 Year in Review

STRENGTHENING THE
U.S. HEALTHCARE SAFETY NET FOR 23 MILLION PATIENTS

One in 13 people receive care at nonprofit clinics and community health centers across the U.S. Direct Relief supports 1,200 clinics and health centers nationwide, is the only nonprofit licensed to distribute prescription medicines in all 50 states, and is the only nonprofit that is VAWD accredited.

In Fiscal Year 2014, Direct Relief provided $68.3 million in free medications and supplies to these front-line points of care for people in need.
While Direct Relief’s humanitarian efforts work to improve the quality of and access to health care for all people who need help in the U.S. and throughout the world, Direct Relief places particular emphasis on strengthening health services for women and children in poor areas where they face serious risks from preventable conditions and often lack care for treatable illness or injuries. Direct Relief focuses its maternal and child health efforts on high-impact investments to help ensure the health of mothers and their children during the critical periods of pregnancy and delivery.

Direct Relief has worked closely with Abbott and Abbott Fund for more than a decade, and together they share a commitment to improving the health of people around the world by building sustainable health care systems, particularly those that care for women and children. In Afghanistan, that’s meant supporting efforts to bolster the work of the Afghan Institute of Learning (AIL).

Abbott Fund and Direct Relief have been able to help AIL develop programs that support the health and well-being of Afghan women by providing them with access to nutrition, health education, and quality medical services. With this support, the health of women and children in the areas that AIL works have greatly improved. AIL employs Afghan women who are aware of and sensitive to the challenges faced by their peers, and they have developed successful programs and activities to address these barriers and engage women in the community.
It is staggering that a woman dies every two minutes from complications during pregnancy or childbirth—more than 287,000 women each year worldwide, the vast majority in developing countries. That’s why Direct Relief’s work protects women through the critical periods of pregnancy and childbirth.

This support includes ensuring more trained midwives are properly equipped, expanding emergency obstetric care in high-need areas, and supporting life-restoring surgeries for women who suffer the debilitating effects of obstetric fistula—a birth-related injury that affects deeply impoverished women almost exclusively.

Direct Relief ensures that midwives are equipped with the right tools to provide life-saving antenatal, delivery, and post-partum care.

In Sierra Leone, for example, all graduates from the School of Midwifery Makeni are equipped with a Direct Relief Midwife Kit that contains everything a midwife needs to deliver 50 babies safely.

3 WAYS DIRECT RELIEF HELPS MOMS THRIVE:

1. EQUIPPING MIDWIVES
2. EXPANDING EMERGENCY OBSTETRIC CARE
3. INCREASING LIFE-RESTORING SURGERIES FOR WOMEN WITH FISTULA
In FY2014, Direct Relief was honored with the President’s Award from technology company Esri for outstanding use of mapping software known as geographic information systems (GIS). GIS has become a powerful tool for Direct Relief and—through partnerships with technology companies like Esri and Palantir—is helping to shape the future of humanitarian aid.

Direct Relief is pioneering the use of data analysis and visualization tools to inform, mobilize, target, and deliver humanitarian medical assistance to areas and people in need. By using a range of technologies from Esri, Palantir, SAP and others to assist its disaster preparedness and relief work, Direct Relief ensures that medical aid is targeted and delivered efficiently and effectively. Through the integration of many different data sets on a single platform, Direct Relief can assess historical patterns, understand risks, and identify communities that are most socially vulnerable to a particular threat.

To better inform Direct Relief’s extensive Hurricane Preparedness Program, Direct Relief conducted research on areas most vulnerable to hurricanes, determining the ten U.S. counties most at-risk, visualized on Esri’s platform. The conclusions are based on historical storm data coupled with social vulnerability indices to help drive decisions around which communities Direct Relief should pre-position critical medicines at the start of hurricane season. This research was featured in USA Today.

New tools like the Esri Story Map will allow Direct Relief to craft location-specific narratives about the work healthcare providers are able to do with Direct Relief’s support. And enhanced analytic tools—from optimized hotspotting to spatial regression analysis—will help Direct Relief test hypotheses about the causes and consequences of humanitarian aid.

Thanks to partnerships with companies like Esri and Palantir, the future of GIS at Direct Relief is one of cartography as a process of continuous, localized and globally-aware thought, communication, and social action.
Disasters strike more frequently and more intensely every year. Direct Relief’s work requires not only immediate response to disasters as they occur, but also the provision of assistance to communities to build their capacity to be prepared for an emergency. Since 2007, Direct Relief has managed the largest hurricane pre-positioning program in the United States and throughout the Caribbean and Latin America.

Direct Relief pre-positions medical packs at partner clinics and hospitals before a hurricane strikes, to ensure that delivery delays are eliminated and medical professionals are equipped with the essential materials to treat injured patients on-site. Aimed at equipping nonprofit clinics and hospitals located in disadvantaged communities, each year Direct Relief supports 50 healthcare facilities within hurricane-prone regions of the U.S. and 10 facilities throughout Latin America and the Caribbean. These preparedness packs include medicines and supplies to treat a variety of conditions, from trauma injuries to people suffering from chronic health conditions.

In the U.S., Direct Relief has deployed more than 280 packs to communities in nine states since the inception of the program in 2007. Each pack contains lifesaving medicines and supplies to treat 100 patients for three to five days, enough time for providers to weather the storm and for back-up assistance to arrive. The packs are designed to be mobile and easily transported should a medical facility have to set up temporary operations.

In Latin America and the Caribbean, more than 90 modules have been delivered since 2007. Each module contains medicines and supplies to treat up to 5,000 people for one month. In 2014, 15 Hurricane Preparedness Modules were positioned in the Dominican Republic, El Salvador, Haiti, Honduras, Jamaica, and Nicaragua.
EXPANDING ACCESS + QUALITY HEALTH CARE
FOR MILLIONS OF PEOPLE AROUND THE WORLD

FISCAL YEAR 2014

USA

$ 68,316,129
> 13,874,964 DDD*
> 1,253,225 lbs.
> 100,268 cu. ft.

CARIBBEAN

$ 45,573,353
> 86,917,377 DDD*
> 565,533 lbs.
> 56,880 cu. ft.

LATIN AMERICA

$ 80,995,985
> 123,952,935 DDD*
> 795,890 lbs.
> 92,842 cu. ft.

$503.2 million in medical aid amounting to
300.8 million defined daily doses*.
7,333 deliveries weighing 1,984 tons and
taking up 398,374 cubic feet in volume.

FY14 ASSISTANCE TOTALS
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 — essentially a daily treatment measure — 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.
Direct Relief had a very strong Fiscal Year 2014 in all areas of activities and finances. We received $455 million in public support and provided a record $506 million in total assistance around the world (including cash grants). Direct Relief’s financial position and balance sheet continue to be strong thanks to steadfast support from generous donors and the Board of Directors.

In October 2014, Typhoon Haiyan battered the Philippines, affecting more than 11.3 million people. Direct Relief provided 200 tons, $13.2 million in medicines and medical materials to hospitals, medical facilities, and medical teams. Here, a Reach Out Worldwide team member cares for a patient with help from an Emergency Medical Pack provided by Direct Relief.
CASH AND IN-KIND CONTRIBUTIONS

To fulfill its mission and program objectives, Direct Relief has long sought partnerships with businesses and organizations with particular expertise that is needed and can be leveraged for humanitarian purposes. This approach has led to more than 150+ healthcare manufacturers and other corporations, in sectors ranging from technology to transportation, providing in-kind contributions in the form of needed goods (primarily medical products) and services that would otherwise have to be purchased. Direct Relief also solicits and receives cash contributions, which are used to cover internal costs and for goods and services to advance the organization’s mission and that cannot be obtained through in-kind donations.

The strategic pursuit of in-kind resources enables Direct Relief to provide far more humanitarian assistance than would be possible in a model that relied entirely upon raising cash and then converting the cash into goods and services. It makes little economic sense to incur the expense involved in raising funds to then purchase something that a business may be willing and able to provide directly and more efficiently as its charitable contribution.

FY 2014 SOURCES OF CASH SUPPORT & REVENUES: $20.1M

<table>
<thead>
<tr>
<th>Category</th>
<th>Percentage</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Disaster Response</td>
<td>39%</td>
<td>$7.8M</td>
</tr>
<tr>
<td>Undesignated Grants</td>
<td>35%</td>
<td>$7M</td>
</tr>
<tr>
<td>Grants</td>
<td>21%</td>
<td>$4.2M</td>
</tr>
<tr>
<td>Special Events</td>
<td>1%</td>
<td>$217K</td>
</tr>
<tr>
<td>Bequests</td>
<td>4%</td>
<td>$754K</td>
</tr>
</tbody>
</table>

Direct Relief’s financial statements must account for both cash and in-kind contributions that are entrusted to the organization to fulfill its humanitarian mission. In Fiscal Year 2014, the vast majority of our total public support of $455 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 volunteer services from the GSK PULSE Volunteer Partner Program in which senior professionals volunteer to be seconded to work at Direct Relief at no cost to Direct Relief). The previous pages explain where and why the 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 2014 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 some of 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, 2013, Direct Relief received slightly more value in product donations than we shipped out to our partner network. When that 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 was carried forward and “spent” during the course of Fiscal Year 2014. This resulted in a decrease in net assets (or net operating loss) during Fiscal Year 2014 and was primarily driven by a decrease in inventory as Direct Relief shipped more in humanitarian aid than it received in product donations for this fiscal year.

For the fiscal year ended June 30, 2014, the organization reported a change in net assets of ($91.3 million). As described above, this was driven by a lower value of donated product received, $430 million, than value of product distributed, $503 million.

MANAGEMENT AND GENERAL EXPENSES

Direct Relief has adopted a strict policy to ensure that 100 percent of all designated contributions (e.g. donations for the “typhoon Haiyan response”) are used only on expenses related to supporting that program response. We have used similar policies for all of our disaster responses in the last few years, including the Indian Ocean tsunami, Hurricanes Sandy, Katrina, and Rita, and earthquakes in Japan, Haiti, Pakistan, Peru, China, and Chile.

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 survivors for whose benefit the funds were entrusted to Direct Relief.

VALUATION OF IN-KIND RESOURCES

Direct Relief is the only nonprofit organization in the United States that has received accreditation from the National Association of Boards of Pharmacy as a Verified-Accredited Wholesale Distributor (VAWD) licensed to distribute prescription medicines in all 50 U.S. states, and is among the largest-volume providers of medical donations to its partners worldwide. Direct Relief’s programs involve a wide range of functions, several of which require specialized expertise and licensing. Among these functions are identifying key local providers of health services in such areas, working to identify the unmet needs of people in the areas, mobilizing essential medicines, supplies, and equipment that are requested and appropriate for the circumstances, and managing the many details inherent in storing, transporting, and distributing such goods to the partner organizations in the most efficient manner possible.

When Direct Relief receives an in-kind donation, accounting standards require a “fair market value” to be assigned to the donation. Donations of medicines, medical equipment, and medical supplies have long been an integral part of Direct Relief’s humanitarian assistance programs. In assigning a fair market value to the in-kind medical donations received, Direct Relief uses a careful, conservative approach that complies with the relevant accounting standards, and the spirit and purpose of disclosure, transparency, and accountability to the public.

Specifically, Direct Relief uses the following methodology in determining the fair market value of in-kind medical donations:

For U.S. Food and Drug Administration (FDA)-approved pharmaceuticals, branded and generic, the valuation basis is the “Wholesale Acquisition Cost” (WAC) as published in the Thomson Reuters RedBook©, an industry-recognized drug and pricing reference guide for pharmaceuticals in the United States.

WAC is the standard used by many U.S. states as the Federal Upper Limit pricing for drugs purchased under the Medicaid program. Alternative methods of valuing a drug donation would result in a higher valuation. For example, the commonly cited Average Wholesale Price (AWP), which also is published in the RedBook©, is approximately twenty percent higher than WAC for a particular product according to the RedBook©. Direct Relief determined that WAC is the more appropriate measure.

Because pricing differences exist for generic and branded products, it is important to note Direct Relief applies WAC value to each specific product’s National Drug Code, which relates to the specific manufacturer and formulation of a drug. This distinction is significant because it reflects, for example, the lower price (and fair market value) of a generic product received through donation, compared to higher-priced branded product.

For non-FDA-approved pharmaceuticals, for example products manufactured for use in non-U.S. markets, the organization uses independent pricing guides to determine the fair market value of the particular manufacturer’s specific formulation. As is the case with FDA-approved formulations, the value relates to the specific product from the specific manufacturer. The sources of such pricing information vary, but relevant information may include the price paid by wholesalers or other third-party buyers, a price negotiated by an organization (such as the Clinton Foundation) for a particular drug, or other such reasonable bases.

For medical supplies and equipment, the organization determines wholesale value by reviewing the pricing information on the specific item listed for sale in trade publications, through online pricing, and through its own procurement history when purchasing. Such valuations typically are substantially lower than published retail prices.

Different prices of similar products or services in different geo-
graphic areas can cause confusion. The specifics of Direct Relief’s valuation methodology are noted here in recognition of the confusion that can arise with regard to the value of contributed goods and services.

One source of confusion stems from the significant pricing (and therefore valuation) differences that exist in different parts of the world for similar products. With regard to pharmaceutical products, significant differences exist between a branded drug and a generic equivalent formulation even within the same market, including the U.S. Because Direct Relief operates on a global scale, such differences must be considered and reflected in the accounting and reporting of contributions.

Of course, similar pricing and valuation differences also exist for other commodities and services beyond pharmaceuticals. In the U.S., for example, the commodity of water may be the easiest example, since the price that is paid for the same compound, H2O, ranges from free in a public tap to several dollars for a “branded” equivalent bottled quantity in a hotel room. But similar pricing differences exist for services as well. The outsourcing and off-shoring phenomena reflect that even highly skilled services—surgery, computer programming, research conducted by Ph.D.s—are done at vastly different prices in different countries.

Direct Relief’s internal processes, information systems, and public disclosures ensure that these distinctions are clearly documented and that the organization’s financial reporting precisely and accurately reflects the fair market value of the specific items received through donation.

If a low-cost generic medication is received through donation, its value is properly recorded as that of the generic medication. If a more expensive branded product is received through donation, its value is similarly properly recorded as that of a branded product.

As noted above, Direct Relief has long sought the contribution of needed goods and services to use for humanitarian purposes because of the efficiencies and other benefits that result. The organization, and more importantly the people it serves, benefit from the lowest-cost, most efficient use of resources. So too do financial contributors, since their financial contributions are not being used to purchase goods or services that can be obtained directly through donations. Therefore, when it comes to accounting for, documenting, and reporting any contributions it is very important that we get it right.

A strong incentive exists to use higher valuation sources, such as retail prices, or use branded product values for generic donations. However, we believe that a conservative approach provides the most accurate, easy-to-understand basis and is best to instill public confidence in our financial reporting.

**DIRECT RELIEF FOUNDATION AND THE BOARD-RESTRICTED INVESTMENT FUND**

In 1998, Direct Relief’s Board of Directors established a Board-Restricted Investment Fund (“BRIF”) to help secure the organization’s financial future and provide a reserve for future operations. The BRIF, established with assets valued at $774 thousand, draws resources from Board-designated unrestricted bequests and gifts, and returns on portfolio assets.

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. Effective April 1, 2007, assets in the BRIF were transferred to the Foundation. The Foundation’s investments are managed by SEI Private Trust Company, 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 seven 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. For the fiscal year ended June 30, 2014, the Foundation Trustees approved a distribution of funds to pay for all fundraising, and approximately $250 thousand of administrative expenses (management and general expenses on the IRS Form 990). Upon a majority vote by the Board, the BRIF may also be utilized to meet other general operational costs, extraordinary capital expenses and advance emergency relief funding as determined by the President and CEO.
# COMBINED STATEMENT OF ACTIVITIES

FISCAL YEAR 2014 ANNUAL REPORT

**For the fiscal years ending June 30, 2014 and June 30, 2013**

### PUBLIC SUPPORT & REVENUE

**PUBLIC SUPPORT**

<table>
<thead>
<tr>
<th>Description</th>
<th>FY 2014</th>
<th>%</th>
<th>FY 2013</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Contributions of goods and services</td>
<td>$ 434,798</td>
<td>94.7%</td>
<td>$ 378,018</td>
<td>95.4%</td>
</tr>
<tr>
<td>Contributions of cash and securities—other</td>
<td>20,085</td>
<td>4.4%</td>
<td>14,381</td>
<td>3.6%</td>
</tr>
<tr>
<td><strong>TOTAL PUBLIC SUPPORT</strong></td>
<td>454,883</td>
<td>99%</td>
<td>391,964</td>
<td>99.1%</td>
</tr>
</tbody>
</table>

**REVENUE**

<table>
<thead>
<tr>
<th>Description</th>
<th>FY 2014</th>
<th>%</th>
<th>FY 2013</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Earnings from investments and other income</td>
<td>4,445</td>
<td>1.0%</td>
<td>3,718</td>
<td>0.9%</td>
</tr>
<tr>
<td><strong>TOTAL PUBLIC SUPPORT AND REVENUE</strong></td>
<td>459,328</td>
<td>100.0%</td>
<td>396,117</td>
<td>100.0%</td>
</tr>
</tbody>
</table>

### EXPENSES

**PROGRAM SERVICES**

<table>
<thead>
<tr>
<th>Description</th>
<th>FY 2014</th>
<th>%</th>
<th>FY 2013</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Value of medical donations shipped</td>
<td>503,187</td>
<td>341,856</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Inventory adjustments (expired pharmaceuticals, etc.)</td>
<td>25,197</td>
<td>30,571</td>
<td></td>
<td></td>
</tr>
<tr>
<td>USA programs</td>
<td>5,409</td>
<td>5,709</td>
<td></td>
<td></td>
</tr>
<tr>
<td>International programs</td>
<td>12,415</td>
<td>10,777</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>TOTAL PROGRAM SERVICES</strong></td>
<td>546,208</td>
<td>118.9%</td>
<td>388,913</td>
<td>98.2%</td>
</tr>
</tbody>
</table>

**SUPPORTING SERVICES**

<table>
<thead>
<tr>
<th>Description</th>
<th>FY 2014</th>
<th>%</th>
<th>FY 2013</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fundraising (paid by the Board-Restricted Investment Fund)</td>
<td>1,704</td>
<td>1,529</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Management and General Expenses</td>
<td>2,691</td>
<td>2,297</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>TOTAL SUPPORTING SERVICES</strong></td>
<td>4,395</td>
<td>1.0%</td>
<td>3,826</td>
<td>1.0%</td>
</tr>
<tr>
<td><strong>TOTAL EXPENSES</strong></td>
<td>550,603</td>
<td>119.9%</td>
<td>392,739</td>
<td>99.1%</td>
</tr>
</tbody>
</table>

**INCREASE (DECREASE) IN NET ASSETS**

<table>
<thead>
<tr>
<th>Description</th>
<th>FY 2014</th>
<th>%</th>
<th>FY 2013</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>INCREASE (DECREASE) IN NET ASSETS</strong></td>
<td>$(91,275)</td>
<td>-19.9%</td>
<td>$ 3,378</td>
<td>0.9%</td>
</tr>
</tbody>
</table>

### STATEMENT OF CASH FLOWS

**FOR THE FISCAL YEARS ENDING JUNE 30, 2014 AND JUNE 30, 2013**

<table>
<thead>
<tr>
<th>Description</th>
<th>FY 2014</th>
<th>%</th>
<th>FY 2013</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>CASH FLOWS FROM OPERATING ACTIVITIES</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash collected from public support</td>
<td>$ 19,649</td>
<td></td>
<td>$ 13,824</td>
<td></td>
</tr>
<tr>
<td>Cash paid for goods and services</td>
<td>(18,481)</td>
<td>(16,440)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Interest paid</td>
<td>(38)</td>
<td>(59)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Dividend and interest income</td>
<td>478</td>
<td>559</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other income (expense)</td>
<td>(1)</td>
<td>-</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>NET CASH PROVIDED BY OPERATING ACTIVITIES</strong></td>
<td>1,607</td>
<td></td>
<td>(2,116)</td>
<td></td>
</tr>
<tr>
<td><strong>CASH FLOWS FROM INVESTING ACTIVITIES</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Purchase of investments</td>
<td>(12,957)</td>
<td></td>
<td>(20,076)</td>
<td></td>
</tr>
<tr>
<td>Proceeds from sale of investments</td>
<td>10,934</td>
<td>18,292</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Purchase of capital assets</td>
<td>(363)</td>
<td>(151)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Unitrust distributions</td>
<td>(1)</td>
<td>13</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>NET CASH USED BY INVESTING ACTIVITIES</strong></td>
<td>(2,387)</td>
<td></td>
<td>(6,922)</td>
<td></td>
</tr>
<tr>
<td><strong>CASH FLOWS FROM FINANCING ACTIVITIES</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Payments on long term debt</td>
<td>(40)</td>
<td>(23)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net change in capital lease obligation</td>
<td>(8)</td>
<td>(1)</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>NET CASH USED FOR FINANCING ACTIVITIES</strong></td>
<td>(48)</td>
<td>(24)</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</strong></td>
<td>(828)</td>
<td>(9,063)</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR</strong></td>
<td>1,421</td>
<td>10,484</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>CASH AND CASH EQUIVALENTS - END OF YEAR</strong></td>
<td>$ 593</td>
<td></td>
<td>$ 1,421</td>
<td></td>
</tr>
</tbody>
</table>
### RECONCILIATION OF CHANGE IN NET ASSETS TO NET CASH PROVIDED BY OPERATING ACTIVITIES

<table>
<thead>
<tr>
<th>Description</th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Change in net assets</td>
<td>$(91,275)</td>
<td>$3,378</td>
</tr>
<tr>
<td><strong>ADJUSTMENTS TO RECONCILE CHANGE IN NET ASSETS TO NET CASH PROVIDED BY OPERATING ACTIVITIES:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Depreciation</td>
<td>$1,026</td>
<td>$916</td>
</tr>
<tr>
<td>Change in inventory</td>
<td>96,186</td>
<td>(1,996)</td>
</tr>
<tr>
<td>Change in receivables</td>
<td>(435)</td>
<td>(557)</td>
</tr>
<tr>
<td>Change in prepaid expenses and other assets</td>
<td>(438)</td>
<td>464</td>
</tr>
<tr>
<td>Change in accounts payable and accrued expenses</td>
<td>599</td>
<td>309</td>
</tr>
<tr>
<td>Change in non-qualified deferred compensation accrual</td>
<td>(5)</td>
<td>44</td>
</tr>
<tr>
<td>Donated services pledged for next fiscal year</td>
<td>(245)</td>
<td>(225)</td>
</tr>
<tr>
<td>Donated software capitalized</td>
<td>0</td>
<td>(1,273)</td>
</tr>
<tr>
<td>Loss on exchange rate</td>
<td></td>
<td>(18)</td>
</tr>
<tr>
<td>Loss on disposal of fixed assets and other assets</td>
<td>162</td>
<td></td>
</tr>
<tr>
<td>Realized (gain)/loss on sale of investments</td>
<td>(1,256)</td>
<td>961</td>
</tr>
<tr>
<td>Unrealized (gain)/loss on investments</td>
<td>(2,712)</td>
<td>(4,119)</td>
</tr>
<tr>
<td><strong>NET INCREASE IN CASH</strong></td>
<td>$1,607</td>
<td>$(2,116)</td>
</tr>
</tbody>
</table>

### STATEMENT OF FINANCIAL POSITION

For the fiscal years ending June 30, 2014 and June 30, 2013

<table>
<thead>
<tr>
<th>Description</th>
<th>FY 2014</th>
<th>FY 2013</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>ASSETS</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>CURRENT ASSETS</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash and cash equivalents</td>
<td>$581</td>
<td>$12</td>
</tr>
<tr>
<td>Investments</td>
<td>2,713</td>
<td>33,989</td>
</tr>
<tr>
<td>Inventories</td>
<td>99,202</td>
<td>-</td>
</tr>
<tr>
<td>Other current assets</td>
<td>3,685</td>
<td>(1,591)</td>
</tr>
<tr>
<td><strong>TOTAL CURRENT ASSETS</strong></td>
<td>106,181</td>
<td>32,410</td>
</tr>
<tr>
<td><strong>OTHER ASSETS</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Property and equipment</td>
<td>5,983</td>
<td>-</td>
</tr>
<tr>
<td>Pledged bequests</td>
<td>-</td>
<td>470</td>
</tr>
<tr>
<td>Other assets</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>TOTAL OTHER ASSETS</strong></td>
<td>5,983</td>
<td>470</td>
</tr>
<tr>
<td><strong>TOTAL ASSETS</strong></td>
<td>$112,164</td>
<td>$32,880</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Description</th>
<th>FY 2014</th>
<th>FY 2013</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>LIABILITIES AND NET ASSETS</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>CURRENT LIABILITIES</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Accounts payable</td>
<td>$817</td>
<td>-</td>
</tr>
<tr>
<td>Other current liabilities</td>
<td>(426)</td>
<td>1,817</td>
</tr>
<tr>
<td>Long-term debt</td>
<td>1,336</td>
<td>-</td>
</tr>
<tr>
<td>Capital lease obligation</td>
<td>10</td>
<td>-</td>
</tr>
<tr>
<td>Deferred compensation</td>
<td>39</td>
<td>-</td>
</tr>
<tr>
<td>Distribution payable</td>
<td>15</td>
<td>-</td>
</tr>
<tr>
<td><strong>TOTAL LIABILITIES</strong></td>
<td>1,791</td>
<td>1,817</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Description</th>
<th>FY 2014</th>
<th>FY 2013</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>NET ASSETS</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Board-Restricted Investment Fund (BRIF)</td>
<td>-</td>
<td>33,977</td>
</tr>
<tr>
<td>Undesignated</td>
<td>103,254</td>
<td>(3,634)</td>
</tr>
<tr>
<td><strong>TOTAL UNRESTRICTED NET ASSETS</strong></td>
<td>103,254</td>
<td>30,343</td>
</tr>
<tr>
<td>Temporarily restricted assets</td>
<td>7,119</td>
<td>695</td>
</tr>
<tr>
<td>Permanently restricted assets</td>
<td>-</td>
<td>25</td>
</tr>
<tr>
<td><strong>TOTAL NET ASSETS</strong></td>
<td>110,373</td>
<td>31,063</td>
</tr>
<tr>
<td><strong>LIABILITIES AND NET ASSETS</strong></td>
<td>$112,164</td>
<td>$32,880</td>
</tr>
</tbody>
</table>

**FISCAL YEAR 2014 ANNUAL REPORT** 19
The overall assistance furnished by Direct Relief in FY14 was a record $506 million. These resources were obtained from private sources and amounted to $455 million. Direct Relief provided 7,427 shipments of humanitarian medical material aid, including pharmaceuticals, medical supplies, and medical equipment. The more than 1,983 tons (just over 3.9 million pounds) of material aid were furnished to local health programs in 70 countries, including the United States, and had a combined wholesale ($501m) and retail ($2.3m) value of $503 million. The pharmaceuticals contained in these aid shipments were sufficient to provide over 300 million Defined Daily Doses (DDD). 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 uses this as a measure of pharmaceutical aid provided.

In addition, the organization provided $2.9 million in the form of cash grants to dozens of locally-run health programs in areas affected by tornadoes (U.S.) in 2014, Typhoon Haiyan in November 2013, super storm Sandy in November 2012, the March 2011 earthquake and tsunami in Japan, the January 2010 earthquake in Haiti, and numerous other partners providing health services in other non-disaster areas.
COMPARISON TO PREVIOUS FULL YEAR’S RESULTS

All financial statements presented in this report show both the results for FY 2014 and those of FY 2013 for comparison purposes.

LEVERAGE

In FY 2014, for every $1 contributed and spent for our humanitarian assistance program (excluding emergency response), the organization provided $46 worth of wholesale medical material assistance, as compared to $40 in FY 2013. These expenses totaled $10.4 million. The expenditure of these funds enabled Direct Relief to furnish $475 million (wholesale value) of medical material resources to 70 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 $2.9 million through cash grants. The majority of these grants (approximately $1.7 million) were made from designated contributions received in this and past fiscal years for U.S. tornado relief in 2014, Typhoon Haiyan in November 2013, superstorm Sandy in November 2012, the March 2011 earthquake and tsunami in Japan, the January 2010 earthquake in Haiti, and numerous other partners providing health services in other non-disaster areas.

In the current fiscal year, the organization incurred $1.75 million, $696 thousand and $522 thousand in cash expenditures for the Typhoon Haiyan response and the Japan earthquake and the Haiti earthquake responses, respectively. Within these amounts, $615 thousand for Typhoon Haiyan, $696 thousand for Japan—and $522 thousand for Haiti—was in the form of cash grants to support essential recovery efforts conducted by local, grassroots non-governmental and community groups in those areas. As of June 30, 2014, the organization had spent over 36 percent of funds received for Typhoon Haiyan, over 99 percent of the funds received for Japan and over 99 percent of the funds received for Haiti.

STAFFING

These activities were accomplished by a staff which, as of June 30, 2014, comprised 62 positions (57 full-time, five part-time). Measured on a full-time equivalent (FTE) basis, the total staffing over the course of the year was 57.1. 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.
PROGRAM EXPENSES

In Fiscal Year 2014, Direct Relief's expenditure on program activities totaled $20.15 million, $3.83 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 32 full-time and three part-time employees engaged in programmatic functions.

Cash grants to partner organizations ($2.9 million, including $615 thousand in response to the Typhoon Haiyan, over $696 thousand for the Japan earthquake and tsunami relief, $522 thousand for Haiti earthquake relief and numerous other partners providing health services in other non-disaster areas)

Ocean/air freight and trucking for outbound shipments to partners, in-country transportation and inbound product donations ($4.4 million, of which $1.8 million was donated)

Travel for oversight and evaluation ($420 thousand); contract services ($3.5 million, of which $2.6 million was donated); packing materials and supplies ($360 thousand); and disposal costs for expired pharmaceuticals ($112 thousand)

The value of expired products disposed of ($25.2 million)

A pro-rata portion of other allocable costs (see page 27)

PROGRAM EXPENSES

$503.2
WHOLESALE VALUE OF
MATERIAL AID

$12.4M
NON-
DISASTER

$6.2M
OTHER

$3.6M
DISASTER
RESPONSE

PROGRAM EXPENSES

BY FUNCTION
FUNDRAISING EXPENSES

Direct Relief spent a total of $1.7 million on cash acquisition and fundraising in Fiscal Year 2014. These expenses (other than donated services) were paid from funds received out of the assets of the Direct Relief Foundation. A total of $1.1 million was spent for salaries, related benefits, and taxes for ten full-time employees engaged in cash acquisition and fundraising.

- $60 thousand for the production, printing, and mailing of newsletters, the annual report, tax-receipt letters to contributors, fundraising solicitations, and informational materials
- $6 thousand in advertising and marketing costs
- $35 thousand in travel and mileage-reimbursement expenses
- $215 thousand in contract services ($66 thousand of which were donated services)
- $27 thousand in supplies in support of the fundraising staff
- $33 thousand in outside computer services related to fundraising
- A pro-rata portion of other allocable costs (see page 27)

NOTE:
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 $39 thousand that was incurred for such expenses was only allocated between fundraising and administration expenses.

FUNDRAISING EXPENSES BY FUNCTION

<table>
<thead>
<tr>
<th>Category</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Salaries + Benefits ($1.1M)</td>
<td></td>
</tr>
<tr>
<td>Contract Services ($149K)</td>
<td></td>
</tr>
<tr>
<td>Special Events, Travel + Meeting Expenses ($138K)</td>
<td></td>
</tr>
<tr>
<td>Other (Non Personnel) ($84K)</td>
<td></td>
</tr>
<tr>
<td>Printing, Postage, Mail, etc. ($59K)</td>
<td></td>
</tr>
<tr>
<td>Facility/Utility/Web Hosting ($121K)</td>
<td></td>
</tr>
<tr>
<td>Donated Goods/Services ($69K)</td>
<td></td>
</tr>
<tr>
<td>Equipment/Software Rental + Maintenance ($27K)</td>
<td></td>
</tr>
</tbody>
</table>

FUNDRAISING EXPENSES ALSO INCLUDED:

- 3% Printing, Postage, Mail, ETC. $59K
- 7% Facility/Utility/Web Hosting $121K
- 62% Salaries + Benefits $1.1M
- 9% Special Events, Travel + Meeting Expenses $138K
- 5% Other (Non Personnel) $84K
- 8% Contract Services $149K
- 2% Equipment/Software Rental + Maintenance $27K
- 4% Donated Goods/Services $69K

FISCAL YEAR 2014 ANNUAL REPORT 23
Management and General Expenses

Direct Relief spent a total of $2.7 million on administration. Approximately $250 thousand of this amount was 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 $1.45 million was for salaries, related benefits, and taxes for 15 full-time employees and two part-time employees engaged in administration and financial management.

$114 thousand in credit card, banking, and brokerage fees
$50 thousand for duplicating and printing
$511 thousand in contract services ($125 thousand of which were donated services, GSK PULSE Volunteers $59 thousand; continuous quality improvement consulting $28 thousand)
$59 thousand in accounting fees for the annual CPA audit, payroll processing and reporting, and other financial services
$99 thousand in legal fees, of which $33 thousand was provided pro bono for legal representation related to general corporate matters
$7 thousand 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 page 27)
OTHER ALLOCABLE COSTS

Direct Relief owns and operates a 40 thousand square-foot warehouse facility that serves as its headquarters and leases another 23 thousand 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

100% of the President and CEO’s compensation was paid from funds provided by Direct Relief Foundation. His compensation is allocated 50 percent to administration and 50 percent to fundraising.

“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 Executive VP, COO, & CFO

Direct Relief’s Andrew MacCalla delivers critically-needed medicines on Leyte Island, Philippines soon after Typhoon Haiyan devastated the region.
Our deepest thanks to Direct Relief’s investors, whose generosity has enabled service to millions of people throughout the world.
We are honored to recognize members of Direct Relief’s Founders’ Society. Through their leadership and commitments of $100,000 or more, these extraordinary individuals and family foundations have championed Direct Relief and enabled program innovation and expansion.
Mrs. Dorothy Adams
Anonymous
Judy and Bruce Anticouni
Mr. and Mrs. Philip Berber
Mrs. Beatrice (Brownie) Borden
Mrs. Maria Bregy
François and Sheila Johnson Brütsch
Mr. Bruce Campbell
Dolores and Robert Cathcart
Mr. and Mrs. William C. Clarke III
Ms. Laurie Converse
Mr. and Mrs. John D. Curtis
Mr. and Mrs. Thomas J. Cusack
Peggy and Steve Dow
Mr. and Mrs. James Drasdo
Nancy and Tom Elsaesser
Dr. and Mrs. Thomas E. Everhart
Peggy and Gary Finefrock
Mrs. Barbara Hunter Foster / The Pacer Foundation
Mr. and Mrs. Gregg L. Foster
Mrs. Louise B. Gaylord
Kate and Dick Godfrey
Dr. Catherine Grotelueschen and Mr. James H. Grotelueschen
Dr. Bert Green and
Ms. Alexandra Brookshire / Brookshire Green Foundation
Mr. and Mrs. William T. Hammond
Mr. Chip Harlow / Precision Strip
Mrs. Mary Harvey
Betty and Stan Hatch
Priscilla Higgins, Ph.D. and Mr. Roger W. Higgins / Higgins-Trapnell Family Foundation
Brett and Natalie Hodges / WWW Foundation
Mr. Erle G. Holm
Mrs. Jackie Inskeep
Mr. and Mrs. James H. Jackson / The Ann Jackson Family Foundation
Mr. Rehan A. Jaffer
Ms. Mer James
Mr. Michael Jenkins
Mr. and Mrs. Peter O. Johnson, Sr.
Ms. Wendy E. Jordan
Mr. and Mrs. Donald S. Kennedy
Dorothy Largay and Wayne Rosing
Mr. and Mrs. Seymour Lehrer / The Lehrer Family Foundation
Nancy Lessner
Judith and Glenn Lukos
Mr. and Mrs. Richard E. Lunquist
Mr. Ken Maytag / Fred Maytag Family Foundation
The Nurture Foundation
Mr. and Mrs. Gary S. Newman
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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.
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Focus on serving the most medically underserved communities in the U.S. and abroad, working with the world’s leading companies, greatest thinkers, and best institutions.

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Identify, qualify, and support existing healthcare providers over the long term and serve as a catalyst for other resources.

Remove Barriers.
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Play to Strengths.
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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.

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Generate efficiencies, leverage resources, and maximize health improvement for people with every dollar spent. Maintain modest fundraising and administrative expenses.

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Give credit where due, listen carefully, and respect those served and those contributing resources.

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

Do Not Discriminate.
Deliver aid without regard to race, ethnicity, political or religious affiliation, gender, sexual orientation, or ability to pay.

Aim High.
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