

Victories Over Poverty Victories Over Pover Victories Over Pover Victories Over Pover Victo

a message to our supporters

Tonight, a mother lies awake, nurturing hope for a brighter future for her children. She hopes that they will grow up healthy and strong, that they will be educated and will live up to their full potential. This mother is a potato farmer in Peru, a nurse in Brooklyn, a refugee in Pakistan. They are bound together – as we all are – by similar hopes for a better tomorrow. Our lives are woven of the same fabric.

In the aftermath of the September 11 tragedy, we are

more acutely aware of how closely linked our lives are to those of others around the world. Today, CARE's vision of a world where poverty has been overcome and people live in dignity and security may seem more distant. But it is more important than ever. Our eves and our hearts remain focused on that vision.

The world's problems are complex. As we reflect on the difficult questions that confront us and search for honest answers, some things are clear. There cannot be real peace while half of the world's population lives on \$2 or less a day. There cannot be real justice while nearly 30,000 children die each day of preventable causes.



By working to fulfill fundamental human rights – not only adequate nutrition, clean water, basic education and economic opportunity, but also personal security and participation in public affairs – we can help communities achieve lasting victories over poverty. Working alongside poor communities to help them build better, more hopeful lives will ensure a brighter future for all.

No individual or organization can do it alone. Working in isolation, each of us can make

only tiny advances against the world's problems. Our interconnectedness gives us power. With global partnerships and a diverse staff 12,000 people strong, CARE is part of a worldwide movement dedicated to ending poverty. Together, we can effect real, positive change for the world.

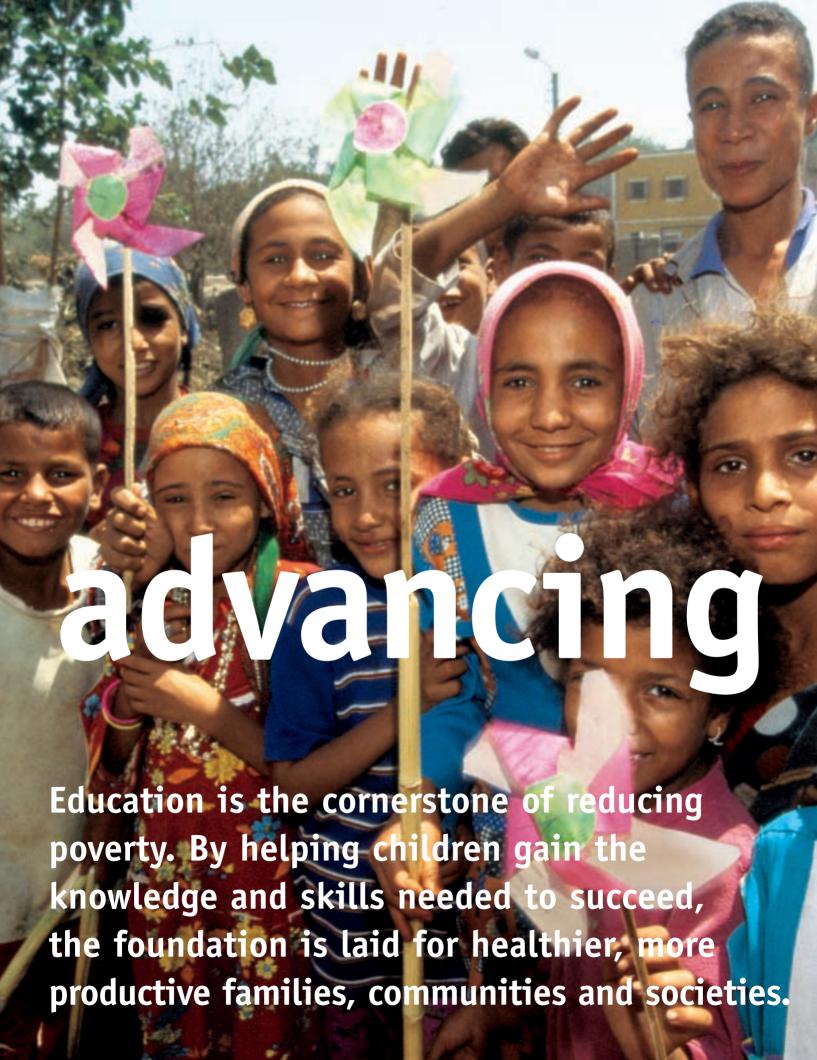
Now more than ever, CARE moves forward with excellence and integrity toward our vision of a world without poverty. We will not rest until poverty has been ended.

One community, one donor, one parent, one child – multiplied by the power of our shared commitment – this is where the end of poverty begins.

Peter D. Bell. President

Lincoln Chen, Chair





Victory #2: Sohag, Egypt



he scene has been played out in thousands of schools in communities around the world: Children fidget excitedly offstage while harried teachers try to organize groups, and proud family and friends wait eagerly on the other side of the curtain.

And no one is prouder than Magy Mahrous.

"Tonight, the first class to complete primary school through this program will graduate," says Magy, project manager of CARE's Community Action in Support of Education Project (CASE). "This is really a major accomplishment when you consider where we began."

Where Magy began was in the rural villages of

families, communities were eager to participate."

Magy's team works with villages to form PTA-like groups that identify community needs and partner with CARE and the Egyptian government to fulfill them. These community associations establish small schools that teach Arabic, math, science, reading and writing.

education

southern Egypt, promoting the importance of education. The families in these communities often don't have access to public schools or the means to pay for basic education.

"CARE worked to demonstrate the value of education - especially for girls who typically stay home doing chores and caring for younger siblings," says Magy. "We had to be sensitive to the fact that many mothers never attended school themselves, so they didn't always see the need.

"But when we started talking about the longterm advantages of schooling, the fact that educated women are better able to plan and care for their

"CARE provides training and mentors the teachers, but the communities are at the forefront," Magy explains. "They donate classroom space and make the critical decisions about managing the school, such as varying school hours to accommodate the farming season and market days."

And the children aren't the only ones learning skills that will enrich their futures. By strengthening the communities' capacity for self-help, CARE is promoting both the benefits of education and the skills needed to overcome poverty.

"These communities have developed a way to identify and solve their own problems," says Magy. "The small schools are the solution now; in 10 years, maybe something else will be. The important thing is that the community is becoming self-reliant."



Victory #3: Leninski District, Tajikistan

building

he 37-year-old Tajik has been promoted, again. Samad Goibov will lead a new CARE project supporting primary education in his native Tajikistan.

"My first job for CARE was as an interpreter on a project providing emergency food supplies to survivors of the war," says Samad. "There's an enormous difference between the situation then and now. Then, people were afraid even to leave their houses to look for economic opportunities.

"The job was a personal revelation. CARE is with the people when they are in economic and social difficulties. The organization fosters community growth. That is exactly what is needed in Tajikistan."

Determination and enthusiasm have created new opportunities for Samad. In 1995, when CARE's Tajikistan office began its first agriculture project to assist newly privatized farmers, Samad was asked to help design it.

"When the land is in the hands of the farmer instead of the government, the farmers are eager to invest their time in working and improving the land," he says. CARE distributed seeds and fertilizer to farmers and worked with them to test various agricultural methods. Farmers now have the expertise to experiment on their own. The pay-off is enormous.

Before CARE began working with the farmers, there was a shortage of food in the market. During the first year of CARE's involvement, farmers increased their potato crop yields by 200 percent.

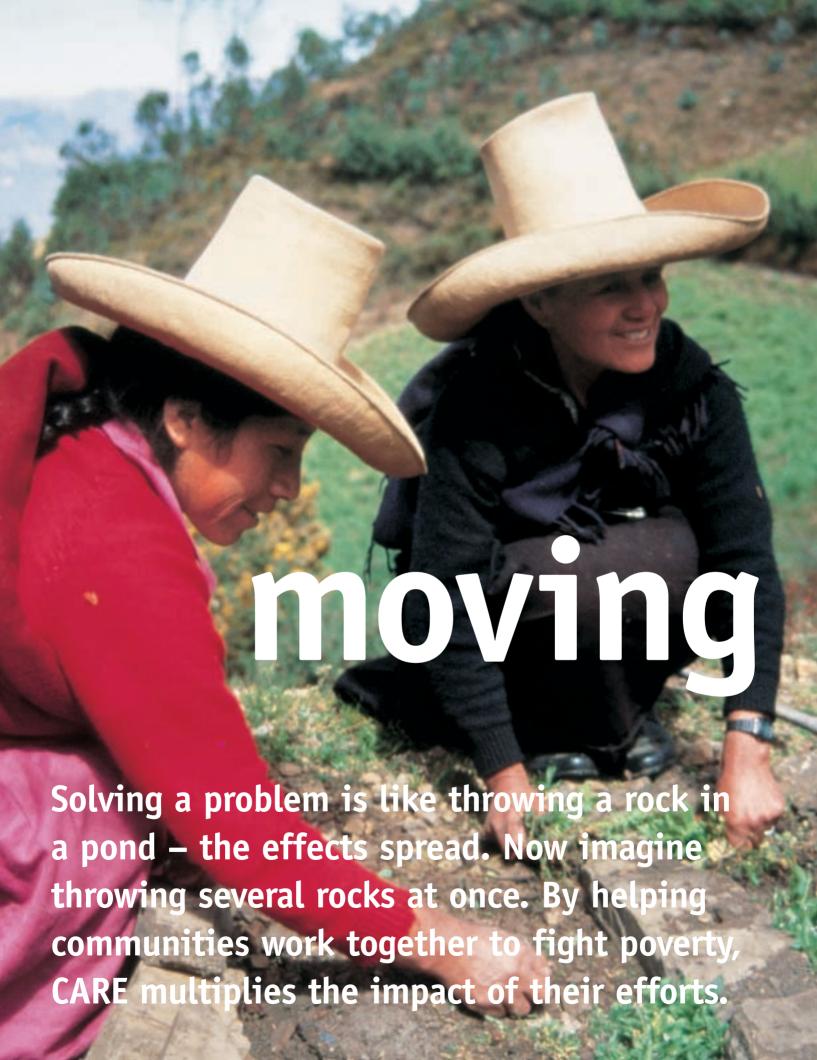
"We've moved from giving them food to survive, to building the skills to be independent," Samad points out. "My most satisfying experience with CARE has been to witness the changes in the farmers' attitudes. They are not relying on the system, but on themselves. They decide for themselves how to manage their futures."

That's one reason why Samad is confident that the education project he will head will empower his fellow citizens, and him.

"I have always been a person who is curious and in search of knowledge," says Samad. "I wanted to share that curiosity and encourage people to learn. The more you know, the more power you have to make a better place for yourself and your family. I see this every day in my work with CARE."

Through CARE, Samad (above) works with farmers to develop innovative techniques to increase their harvests and their household income (right).





Victory #4: Curacocha, Peru



ernando Carrasco sets a small leather bag on the ground beside a sick cow and fills a needle with an antibiotic. The wide-eyed cow turns to watch him administer the injection.

"The cow has a mammary infection," he tells his neighbor, Luisa Castrejon. "That's why there's no milk. It will take a couple of days to clear up."

With a smile, Luisa hands Fernando an ear of corn for his time and the equivalent of 10 cents for the medicine.

"I was born in this community," says 33-yearold Fernando, walking from the pasture to his Another wall is decorated with instructive posters and thank-you notes from his neighbors.

"Everyone in this community helps each other," he says. "But it didn't used to be this way.

"Our way of thinking changed six years ago when CARE worked with us to design plans for a road and water system. All 36 families came

forward

home in the village of Curacocha, nestled in the northern Peruvian highlands. "Cows used to be so skinny because the land was barren. When they got sick, there was no road for the veterinarian to come treat them. Cows eventually would die, and people would be left with no milk to sell and little to eat. Those were bad times. We've come a long way since then."

Inside his modest home, the mud walls are smooth to the touch. Above a table hangs a framed certificate Fernando received two years ago when he completed a veterinary course supported by CARE. together to build them. Farming courses were held in our own fields. And now, because we share what we've learned, we are growing more potatoes and vegetables. We are planting trees on hillsides of scrub and rock. It's nice to see what green looks like."

With healthy cows, families in Curacocha have a regular supply of milk to sell. Though they seem small, these positive changes have led to larger gains in the fight against poverty.

"Since we began working with CARE, we have achieved far more than a road or clean water,"
Fernando explains. "The experience has been a catalyst for our community to take action. Now,
Curacocha is a community that works together. We motivate one another to move forward."



Victory #5: Balleyara, Niger

spreading

or centuries, West Africans have migrated to coastal cities to earn money for their families. The trek is a rite of passage for young men and a critical way for poor families to support themselves.

Landlocked and on the southern edge of the Sahara Desert, Niger is one of the world's poorest countries. Each year, countless young men leave their homes in hopes of finding economic opportunity in Abidjan, Côte d'Ivoire's capital.

The migration experience has always been risky, with the threat of theft, arrest, accidents and violence. But the spread of HIV/AIDS has added an alarming and unprecedented degree of risk.

Working with mobile populations spread across several countries is a challenge for CARE, but it also brings opportunities: stopping AIDS while the infection rate is still relatively low in the region.

Like the Pony Express in days of old, CARE's LifeLink project is spreading HIV/AIDS prevention information along the routes traveled by people on the move.

In crowded bus and taxi stands, where travelers wait for hours to catch their next ride, CARE staff

shows videos and leads discussions about preventing the spread of sexually transmitted diseases.

A session in Balleyara, Niger, prompted a flurry of questions from travelers: "Can the wind carry AIDS?" "Can you get it if you only have sex one time?" "How many times can you use a condom?"

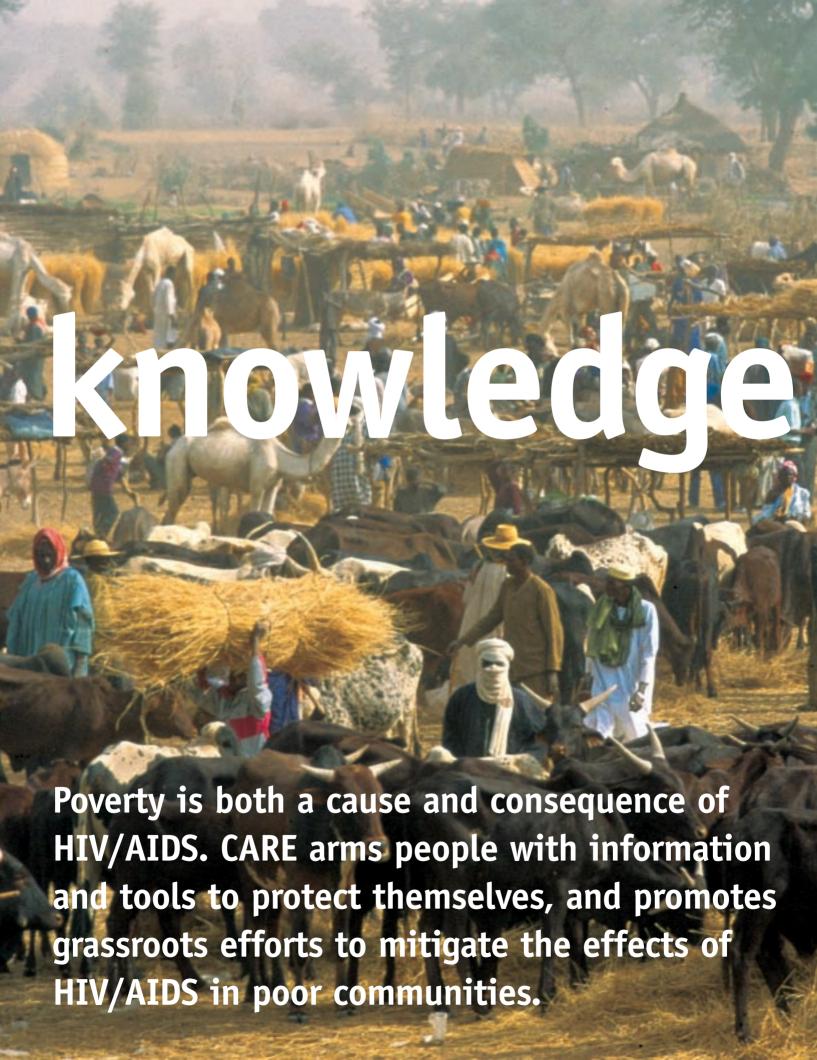
Misinformation is abundant. But there is no mistaking the devastating impact of HIV/AIDS.

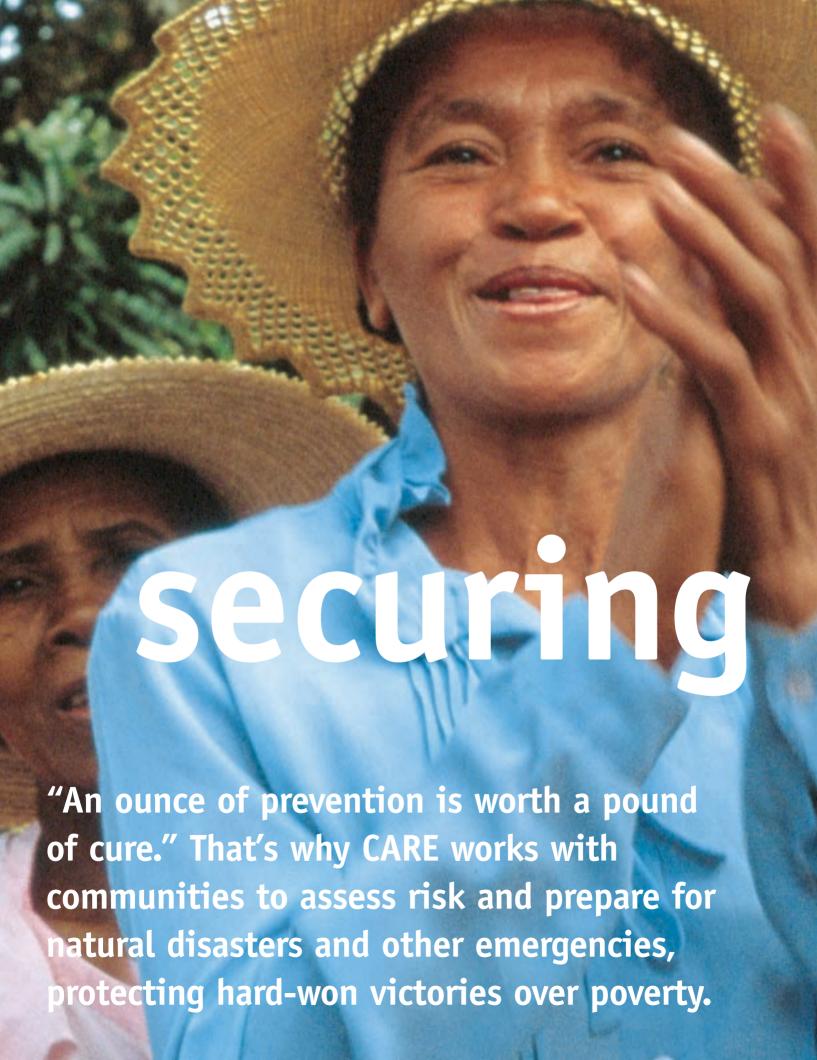
"AIDS makes poor families and communities poorer," says Mahazou Mahamane, director of CARE's AIDS projects in Niger. "When a breadwinner dies, families have no money to spend on education, health care, even food."

Mahazou says the LifeLink project works because it's more than a health initiative. Beyond promoting prevention and testing, Mahazou's staff helps people gain new skills, such as literacy and money management, that can help break the cycle of poverty and curb the need to travel to earn a living.

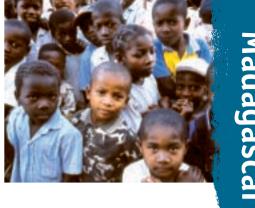
"Poverty is a significant factor in the spread of AIDS," says Mahazou. "It forces people into decisions that jeopardize their safety. What CARE is doing is helping people have more power in their lives, so they can take care of themselves."

CARE goes to the people; Mahazou (center, above) works in busy markets (right) providing information about how to stop the spread of HIV/AIDS.





Victory #6: Antoraka, Madagascar



he town of Antoraka, tucked in a bay along the northeast coast of the island nation of Madagascar, is picturesque and fragile. It's the image of a tropical resort, with sandy walkways, coconut trees and lush foliage. Houses of plank wood stand a few feet off the ground.

But when the big winds come, this guiet community is laid to waste.

In February 2000, the largest cyclone to hit Madagascar in 50 years devastated the town, destroying homes, the church, the school, livestock and crops.

185 students and three teachers.

"I want my children to go a little bit further in life than I did," says Marie Jeanne Vavimanana, who never went to school.

Like other women in town, Marie Jeanne carried buckets of sand from the beach half a mile away to help build the school. Men searched for large

orogress

But, if it is true that every cloud has a silver lining, Antoraka's new elementary school could be proof. Constructed of cement, sand, gravel and the sweat of local residents, the school is the one stable structure in town, making it an excellent cyclone shelter. As the French-speaking locals explain, it is their "batiment dur," a strong building, meant to last.

But it is the longer-lasting benefits that most interest the town's 700 residents. The two-room structure will be the main school for Antoraka's

rocks and crushed them into gravel. Students cleared brush where the new school would stand. CARE provided the cement and construction.

"Practically everyone is involved. It interests all of us," says Mayor Modeste Lasa. "We needed help to overcome this emergency, and CARE was the first to respond. Thank you."

As a next step, the community would like to hire additional teachers and improve the quality of education.

In the face of destruction, the people of Antoraka discovered that passing storms are no match for the lasting strength of their community. By working with CARE, the community's need for emergency shelter and relief has become the catalyst for an enduring legacy of self-help.

The children of Antoraka (above) have a new school designed to last. CARE proudly works with communities (left) uniting to improve their lives.



care overview: 2001 highlights

In fiscal year 2001 (FY01), CARE USA program expenses totaled almost \$380 million, supporting anti-poverty projects in 58 developing nations. CARE directly improved the lives of more than 43 million people in Africa, Asia, Europe, Latin America and the Middle East. Tens of millions more benefited indirectly from CARE projects that confronted poverty in their communities. These are some of the victories over poverty that CARE's generous and committed supporters made possible:

- More than 2.6 million people in 42 countries were trained in activities relating to agriculture and natural resource management, increasing crop yields while conserving the environment.
- More than 13 million women and children in 28 countries benefited from mother-and-child health projects, contributing to overall community well-being.
- Nearly 270,000 children in 25 countries received the basic education they need to help reach their full potential.
- More than 800,000 people in 39 countries were helped through projects in credit, savings and marketing, opening new opportunities for entrepreneurs.
- 18.6 million people in 31 countries gained access to clean water and sanitation, reducing time spent gathering water and illness caused by poor hygiene.

how care's expenses are allocated

90% PROGRAM ACTIVITIES

10% SUPPORT SERVICES

care's programs by activity

75% COMMUNITY DEVELOPMENT

25% EMERGENCY AN

to our donors

CARE's supporters are a remarkably diverse group of people. They come from many nations and many walks of life. But they all share our vision of a world of hope, tolerance and social justice. When they learn about CARE's mission to end poverty, rather than saying, "It can't be done," they ask, "What can I do?" By asking that simple question and taking action, CARE's donors help bring new opportunities, information and tools to communities striving to overcome poverty. CARE gratefully acknowledges all of our donors, at every level of giving. Each gift is a demonstration of the faith they have in CARE as an organization, and their commitment to making the world a better place for future generations.

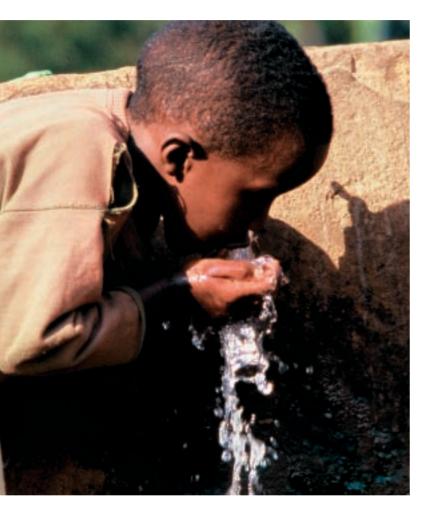
Previously, we have included a list of donor names in this report. This year, in order to cut costs and use each gift as effectively as possible, we decided to forgo such a list.

On behalf of those whose lives are better today than yesterday, thank you.

The following pages provide more detailed information about the positive impact CARE's supporters have made around the world.



east africa



The people of East Africa are uniting in one community after another to solve their most threatening problems. In fiscal year 2001 (FY01), CARE USA and our local partners supported a variety of programs in nine African countries, totaling \$54 million. Working with local organizations to strengthen their capacity, CARE has helped ensure that each small victory over poverty will last long after CARE's projects are complete.

In the East African nations of Burundi, Ethiopia, Eritrea, Kenya, Rwanda, Somalia, Sudan, Tanzania and Uganda, CARE focused on health care, conservation and conflict resolution.

Combating Drought

The African climate presented its share of challenges in FY01. In Burundi, Ethiopia, Kenya,

Somalia and Sudan, years of unreliable rainfall led to drought and malnutrition; in Sudan, the misery was compounded when drought was followed by flooding. However, through improved monitoring and communication systems, CARE and our local partners were able to provide emergency assistance to the most vulnerable communities – helping avert a full-blown humanitarian disaster.

In Burundi, CARE and partner organizations distributed maize, beans, oil and salt to the most vulnerable people, including refugees returning to their villages. CARE asked community members to participate in the food distribution project to ensure that food was given to those who needed it most. With one urgent need satisfied, families were able to concentrate on rebuilding their communities and livelihoods.

Fighting Disease

In south Sudan, CARE and the Centers for Disease Control and Prevention partnered on a sleeping sickness project that saved thousands of lives. Infection rates had shot up to nearly 20 percent in some villages and were averaging in the high teens; anything over 2 percent is considered epidemic. Between 1997 and 2001, the program reduced rates to less than 1 percent. The lasting result has been a reduced strain on family incomes and community health resources, particularly precious commodities in this region.

In Rwanda, where extreme poverty has exacerbated the impact of HIV/AIDS, a CARE initiative slowed the spread of the disease through a combination of peer education and food security projects. The projects aided some of the most vulnerable Rwandans, including those in child-headed households, who often have been orphaned by AIDS or genocide.

Influencing Social Policy

In Kenya, CARE worked to better connect people with their government's plans for long-term development. Throughout FY01, CARE gathered the comments and recommendations of the country's poor to help guide the drafting of the Kenya Poverty Reduction Strategy Paper, a key document that will influence national economic policy for Water projects in Rwanda (left) and Burundi (right) improve community health and free up time for other activities, such as going to school or market.

years to come. CARE then returned to communities throughout the country to gauge people's reactions to the paper. This process is giving the poor in Kenya an unprecedented opportunity to shape the course of their nation, and their own lives.

Building Peace

In Burundi, CARE worked with local partner organizations to help people resolve conflict and work together toward a promising future. Weekly radio programs and locally written and produced dramas, presented in villages by local players, emphasized that the keys to peace are found in communities and households, as well as with social and political leaders.

"We're creating real dialogue among citizens," says Alain Pillet, country director. "Peace building begins at the community level, and these programs are encouraging people to trust and work with their neighbors and local leaders."

Preserving Threatened Environments

The world's coral reefs are threatened by global warming and human exploitation. On the Tanzanian island of Zanzibar, CARE worked with local communities to find ways within their traditional belief systems to preserve the reefs. Not only did this effort help a fragile and endangered ecosystem, it also helped ensure the survival of culturally significant areas – and important sources of local tourist income.

Providing Emergency Relief

CARE continued to meet urgent food requirements in southern Somalia. The recent harvest was minimal throughout the country. Despite continued security concerns, CARE successfully distributed nearly 20,000 metric tons of food to people in these areas in FY01 and expects to surpass that level of aid next fiscal year.

Emergency needs were greatest in the Gedo region, where CARE distributed an average of more than 750 metric tons of grain per month. In Lower Shabelle, however, the success of previous food-for-work projects allowed CARE to phase out food distribution in the region. The projects concentrated on canal rehabilitation, returning more than 2,300 miles of canals to service. This has greatly increased maize production, resulting in a surplus for the area.



southern and west africa

With nearly 130 million people and more than 50 languages, including French, English and Portuguese, the diverse region of Southern and West Africa is complex and fascinating, as well as challenging.

Of the 14 countries where CARE USA works in this region, all but three (Ghana, South Africa and Zimbabwe) are among the world's least developed; the United Nations considers them most at risk of remaining in poverty and requiring the international community's greatest support in their development efforts. Yet, in spite of these obstacles and the effects of natural disasters, war and HIV/AIDS, communities in these countries are working with CARE to realize lasting victories over poverty.

In fiscal year 2001 (FY01), CARE supported 80 programs totaling approximately \$46 million in Angola, Benin, Ghana, Lesotho, Madagascar, Malawi, Mali, Mozambique, Niger, Sierra Leone, South Africa, Togo, Zambia and Zimbabwe. Programs included agricultural production, natural resource protection, economic development, education, health, water and sanitation, and short-term projects such as emergency relief.

Confronting HIV/AIDS

More than 25 million people in sub-Saharan Africa are living with HIV/AIDS; millions more already have died. While the total impact is impossible to quantify, HIV/AIDS has taken a devastating toll on the region beyond the people it has sickened and killed; children have lost parents, families have lost breadwinners and entire communities have lost their support systems.

CARE is committed to helping communities cope with and prevent the spread of HIV/AIDS through a wide variety of projects in six countries in Southern and West Africa. For example, CARE works with miners in Ghana, who are considered high risk for HIV/AIDS because of their living and work environments.

Local CARE health advisors visit mining communities wearing easily recognizable bright yellow "safe sex" T-shirts and carrying condoms to distribute. The advisors gather the miners to chat about sexually transmitted diseases and HIV/AIDS. CARE's campaign is widely publicized in the region, on billboards, bumper stickers, pamphlets and the radio, so the message is getting out. Due to the combined work



(left) Men in Madagascar repair their fishing boats, essential to their livelihoods. (right) In Niger, women have turned traditional crafts into new businesses.

of CARE, the government and other organizations, awareness of HIV/AIDS in the region is high, roughly 96 percent, estimates a CARE project manager.

"People are beginning to talk about sexuality, because most of the AIDS issues border around sex," says Maud Nyaney, a reproductive health information and education specialist. "We are becoming more open to talking about sex. In our part of the world, that is not easy. It's a first step, a big step."

Saving Lives

In several countries, people have struggled with the effects of war and natural disasters. Angolans and Sierra Leoneans have been displaced and impoverished due to years of conflict in their countries. Mozambique, Madagascar and Zambia were battered in the last year by cyclones and floods.

When overflowing river basins flooded the coast of central Mozambique in early 2001, CARE staff encountered crocodiles, hippos and other challenges to bring supplies to families cut off by flood waters. In rented boats, the team traveled 36 hours upstream to deliver food, plastic sheeting, water-treatment supplies and plastic cans to store drinkable water.

"It was a logistical nightmare," says Marc de LaMotte, country director in Mozambique. "It took creativity and innovation to respond."

In Mozambique and elsewhere in the region, CARE provided emergency assistance with an eye toward longer-term, sustainable solutions. In Sierra Leone, where CARE has helped families rebuild their communities, "peace and rights days" offer them a chance to discuss problems, air grievances and learn about their rights. In Angola, CARE assists with landmine removal and education, while helping to increase crop yields by providing families with seeds and tools. And in Madagascar, CARE is working with organizations and communities to identify and protect the areas most vulnerable to natural disasters.

Moving from Rural to Urban

Rapid urbanization throughout Africa means that humanitarian agencies must increasingly address the issues faced by city dwellers. As greater numbers of people move to urban centers, infrastructures are stretched beyond their capacity. People with limited means often go without water, sanitation and other services while struggling to make ends meet.

In Zambia, a CARE project demonstrated the impact



of a community effort to secure access to safe drinking water. For the past four years, CARE worked with residents of urban communes in Lusaka to provide water services. More than 300,000 residents organized into groups to implement and pay for a water-delivery system they wouldn't otherwise have.

"The payoff comes when you visit a village two years after residents participated in a project," says Chris Conrad, director of CARE's Southern and West Africa region. "Kids are healthier and there are other improvements, such as new schools or paved roads."

CARE also is addressing the need to generate income. After seeing the success of savings and loan activities in rural areas, CARE Mozambique started similar projects in cities. For the first time, hundreds of people working in Beira's vibrant markets have access to credit to expand their fledgling businesses and support their families. More than 700 people borrowed money from a community-managed fund CARE helped set up. The default rate was zero.

"This is the war we are fighting now – to eliminate poverty. The question is when it will finish," says Domingo Luis, manager of the project. "I haven't the answer. But my opinion is that within five years, many things will change."

asia and the pacific

More than 3.5 billion people live in Asia and the Pacific. The region is home to bustling, cosmopolitan cities and quiet villages of thatchroofed huts. It is a region of great progress and potential, yet some 25 percent of its residents live below the poverty line. In Bangladesh, for example, 78 percent of the population lives on \$2 a day or less.

CARE's programs seek to improve conditions in poor communities by confronting poverty at its roots. In fiscal year 2001 (FY01), CARE USA supported projects in Asia and the Pacific totaling almost \$149 million to help create lasting solutions to poverty in 16 nations: Afghanistan, Bangladesh, Cambodia, China, East Timor, India, Indonesia, Laos, Myanmar, Nepal, North Korea (country office since closed), the Philippines, Sri Lanka, Tajikistan, Thailand and Vietnam.

As CARE continues to grow and evolve, so do our approaches to fighting poverty.

"There are many underlying causes of poverty: poor health care, lack of education, lack of reliable

access to food and lack of opportunity to earn a secure living," says John Ambler, Asia regional director for CARE. "Most often, poverty also has roots in political and economic decisions. CARE believes everyone has a right to food, shelter, clean water, health care and education. So our programs are now beginning to use different and innovative ways to address these basic rights."

Improving Health is Key

"Without good health you can't affect poverty or sustain change," says Susan Ross, assistant country director for CARE in Bangladesh. In Asia, a major threat to health is the spread of HIV/AIDS.

Since many of the people who die from HIV/AIDS are in their prime working years, their loss drives communities further into poverty. Thus, CARE's efforts in the region focus on both stemming the rate of infection as well as dealing with its effects.

"CARE's programs in Bangladesh are at the forefront of work to stop the spread of HIV/AIDS," says Ross. "Both the World Bank and the government of Bangladesh recognize CARE's approach as the best way to fight the disease."

Three major factors in the HIV/AIDS crisis are threatening to overwhelm Asian nations: the commercial sex industry, a large number of drug users who share needles, and migration.

To help prevent the spread of HIV/AIDS, CARE promotes safer sexual practices among commercial sex workers and migrant workers by striving to create a more supportive cultural environment, and by providing facilities that offer access to condoms, treatment for sexually transmitted diseases and needle exchange programs.

In Cambodia, for example, more than 200,000 people are living with the virus and approximately 3,000 new cases of HIV/AIDS are reported every month. So, building awareness and understanding of prevention measures is a key component of CARE's HIV/AIDS programming. CARE works in Koh Kong, Cambodia, a major border crossing into Thailand, where the rates of infection are among the area's highest.

"CARE is the only international humanitarian organization working in this remote part of

(left) "Save the Sea, Save the Future" poster contest draws in Filipino children. (right) Indian women find modern markets for handicrafts and buyers to sell their goods.

Cambodia," says Neil Hawkins, country director for Cambodia. "For the past two years we have been working with the Koh Kong Provincial AIDS project to bring the numbers down by emphasizing HIV/AIDS education and providing prevention services. CARE also is helping people who have contracted the AIDS virus to live in dignity."

The stigma attached to the disease makes it all the more difficult to prevent and treat. An innovative CARE project in Vietnam uses the workplace to help combat this stigma.

"Within the coal mining industry, CARE has established a functioning, successful model for industries to use to help support people living and working with AIDS," says Brian Doolan, country director in Vietnam. "The idea is to take this working model and duplicate it in other parts of the country, with other industries."

Investing in Education

Illiteracy rates in South Asia are among the highest in the world. Yet studies have shown that education is the single best tool to empower people and promote their social and economic welfare.

In Afghanistan, roughly 4 million children do not attend school and only 15 percent of girls attend primary school. Traditional rural Afghan culture discourages girls' education, and decades of conflict have led to the collapse of the school system.

Active in Afghanistan for more than 30 years, CARE has helped bridge the education gap by working with villages to improve access to school for all students.

"The Community Organized Primary Education (COPE) project builds upon local educational models and traditions," says Sally Austin, assistant country director for CARE in Afghanistan. "COPE empowers communities by enabling them to get involved in decisions over their children's education. CARE helps communities get their say over who teaches their girls and boys and where they will be taught. This is crucial to successfully rebuilding Afghanistan."

COPE expanded access to education by establishing nearly 200 schools in FY01. Teachers from the community instructed more than 20,000 children – 43 percent girls – in reading, math and language classes. The program operates in seven provinces in southeast Afghanistan.



From Relief to Lasting Solutions

While survival must come first in an emergency, CARE is always mindful to include lasting solutions to underlying causes of poverty when providing relief. For example, when a massive earthquake devastated the Indian state of Gujarat on January 26, 2001, CARE immediately provided emergency assistance. At the same time, efforts were initiated to provide the long-term development assistance Gujarat would need to recover from the disaster.

Community participation is crucial to the success of this assistance, so CARE involved communities from the very beginning. CARE launched a new partnership with the Federation of Indian Chambers of Commerce and Industry (FICCI) to help rebuild Gujarat. The partnership increases the resources available for rebuilding, drawing on the talent and support of India's top architects, builders and engineers.

"The CARE-FICCI project is doing more than laying bricks and mortar for houses and schools," says Tom Alcedo, country director for CARE in India. "The project is partnering with communities to build skills that are essential for people to earn a living and work toward a future of their own making."

europe and the middle east

EUROPE

CARE's work in Europe in fiscal year 2001 (FY01) emphasized expanding social programs in the Balkans, as that area continued to rebuild itself and overcome ethnic conflict.

In FY01, CARE USA provided almost \$10 million in support of programs in Albania, Bosnia-Herzegovina, Macedonia and Yugoslavia, including the province of Kosovo.

As political tensions began to ease and armed conflict subsided, CARE's focus in the region shifted from emergency relief to longer-term goals. In Kosovo, CARE continued programs that addressed the needs of children traumatized by war, helping ensure that the next generation is willing and able to continue the peace process.

In the city of Prizren, a program designed to educate teachers and health professionals about trauma was followed by a second phase that spanned five communities and eventually trained 81 primary school teachers and 16 local psychologists. More than 2,100 children participated in therapeutic workshops in music, theater, poetry, art and video.

In June 2001, CARE began a campaign to raise community awareness about the threat of family

violence. With media spots on local television and radio, the campaign brought the issue to the forefront and emphasized the long-term negative effects of violence on children.

CARE also completed the first phase of its project to help train 45 social workers in several municipalities to better meet the needs of vulnerable families.

"Transitioning from emergency relief to economic and social advancement remains an ongoing process, sometimes two steps forward and one step back," says Nick Webber, country director for Kosovo. "Maintaining an emergency-response capacity is crucial, given the fragile peace agreements in the region. Yet it is imperative the mission continue to reinforce the importance of both transitional authority and civic institutions."

CARE's activities in the Caucasus focused on strengthening local communities to identify and overcome the greatest obstacles to their development.

In Georgia, CARE operated a community mobilization project to ease suffering of residents and people displaced by conflict and economic crisis. CARE helped local officials gather resources for those in immediate need, and trained communities to eventually provide those resources themselves.

MIDDLE EAST

In Egypt, the West Bank and Gaza, and Yemen, CARE's work included health care, emergency response and education, with programming totaling more than \$9 million in FY01. Ongoing conflicts in the West Bank and Gaza continued to limit the potential for economic recovery.

Addressing Health

In the West Bank/Gaza, CARE's programs included significant work on health care issues. A two-year, emergency medical assistance project addressed the funding problem that threatens the Palestinian health care sector. The project provided assistance to health clinics, training in trauma care for medical professionals, and support to rehabilitation centers.



(left) Kosovars work to rebuild their homes and livelihoods. (right) Farmers in Egypt grow better-selling crops and increase family income.



In response to the violence in September 2000, a CARE health project, which had helped non-governmental health clinics provide reproductive health services, began supplying hospitals, clinics and local organizations with equipment and materials for emergency treatment of injured persons in the West Bank, Gaza and Jerusalem.

"Our staff is proud to have been able to respond within a week of the outbreak of violence and to have been able to provide more than \$2 million in assistance to a dozen health facilities in the West Bank and Gaza during the year," says Earl Wall, country director for the West Bank/Gaza.

Despite the unrest, CARE's theater project continued to operate. Performed by the Ashtar Theatre Group, a local CARE partner, the productions used audience participation to address social problems and acted as a rehearsal for individual and collective social action. The themes of the productions promote human rights and equality for women.

"This project empowers participants to challenge the status quo in ways which liberate them to achieve their potential in all walks of life," Wall says.

Encouraging Education

CARE's country office in Egypt launched a longterm strategy that includes expansion of education activities. CARE Egypt already had extensive experience with education projects through activities ranging from feeding programs and school construction projects, to training for teachers and administrators – all of which pay special attention to girls' education.

In FY01, CARE initiated a new four-year project to promote quality education in rural areas. Along with its partner organizations, CARE began constructing model schools in several under-served communities, improving the quality of teacher training and helping local communities more fully participate in school management and decision making.

CARE helped local organizations plan and implement education and literacy activities. In the 19 communities in which the project operated, residents demonstrated, through cash and in-kind donations, a growing readiness to help ensure quality education for all.

"In fiscal year 2001, we celebrated the graduation of the first class of new community schools," says Samir Riad of CARE Egypt. "Three years ago, these children had no hope at all for an education. Today, they have graduated from primary school and are very determined to pursue an even higher education."

A similar project aimed to improve the quality of life in 32,500 households in Upper Egypt. The project trained community development associations to represent and involve residents in community affairs and decision making. The project also improved community access to basic education, credit, water and sanitation, and hygiene education.

latin america and the caribbean

CARE is encouraged by the far-reaching changes taking place in Latin America, despite continuing economic uncertainty. Democratization, decentralization, new information technologies and globalization have led to changes in societies. The shifting tide has enhanced CARE's ability to work in partnership with local governments and organizations to solve some of the biggest problems in this region.

In fiscal year 2001 (FY01), CARE supported 132 projects worth approximately \$94 million in Bolivia, Brazil, Ecuador, El Salvador, Guatemala, Haiti, Honduras, Nicaragua and Peru. CARE Brasil exemplifies the evolution of our organization; eventually it will join CARE International while managing local antipoverty projects. Throughout the region, CARE confronts issues that form the basis for exclusion – gender, HIV/AIDS, ethnicity and social structures.

Accessing Health Services

In Haiti, CARE worked with the ministries of Health and Social Affairs to improve counseling

services, testing and home-based care for thousands of people living with HIV/AIDS. The project also reached out to families and communities with prevention campaigns.

"People living with HIV/AIDS are able to participate with dignity," says Pascale Crussard, CARE's project manager. "Sharing their experience encourages other patients and young people to have better behavior regarding HIV/AIDS."

Prevention is an important element in CARE's health initiatives. Community volunteers in Peru successfully managed their own health services to improve the lives of women and children. Volunteers trained by CARE refer pregnant women to local health centers where they safely deliver their babies and receive free treatment. Volunteers also teach mothers breastfeeding techniques and how to prevent common childhood illnesses like diarrhea and pneumonia. The importance of these efforts has been recognized by the Ministry of Health, which plans to replicate the program across the country.



(left) Health volunteers in Peru educate their peers about preventing illness. (right) Guatemalan farmers gain access to credit and increase production.

Bridging The Digital Divide

In Bolivia, CARE was part of an initiative to bridge the digital divide by providing satellite Internet services in poor, remote areas. The government, businesses, community groups and CARE developed a plan, explored funding sources and organized training programs. "We are exploring new and innovative ways to combat poverty," says Jan Schollaert, country director in Bolivia. "Imagine, for the first time students in rural schools will be able to access the World Wide Web. People will have access to all sorts of information, from medical advice to farming techniques."

Encouraging Lasting Solutions

CARE worked with 300 small-scale farmers and local authorities to establish two markets near the capital of Honduras. The farmers manage the markets and build direct producer-to-consumer relationships, eliminating middleman costs. The market also is used to provide on-the-spot health services to community members. "The people are responsible for ensuring the quality of food, fair pricing and cleanliness," says Barbara Jackson, CARE country director in Honduras.

In Nicaragua, CARE partnered with municipal governments and the United Nations to ensure the efficient and transparent transfer of power to newly elected governments in the department of Matagalpa. "Normally, a vacuum of institutional knowledge, roles and responsibilities is created when one administration leaves and the other arrives," says M.J. Conway, CARE country director there. "By taking on this new role, CARE became involved in issues that helped local governments be more attuned to the needs of their people. We observed transition that kept society moving forward."

CARE also sought long-term solutions in response to earthquakes that caused widespread damage and trauma in El Salvador. Immediately after the disaster, CARE's staff and local partners converged to coordinate and distribute supplies, build temporary shelters, and repair schools and water systems.

"Many communities where CARE worked before the quakes were organized and therefore able to react quickly to save lives, then recover," says Mario Lima, CARE El Salvador director. "CARE's work involves training people to help themselves, not only for their long-term needs, but also to reduce the impact of natural disasters within their communities."



Finding A Natural Balance

In Ecuador, CARE partnered with local organizations on a project in one of South America's last remaining coastal rainforests. Through the project, indigenous Chachi Indian and Afro-Ecuadorian communities learn how to manage agroforestry nurseries, handicraft cooperatives and carpentry shops. The project also trains community paralegals who have helped gain titles for more than 200,000 acres of land in the area.

"What they own, they value," says Fanny Ramirez, project coordinator. "Communities are incorporating conservation plans to manage their land and native forests in an ecologically, economically and socially responsible way."

Banking On Education

CARE's Proesa Xtani project in Guatemala focused on improving access to credit and education – two rights that routinely are denied to females. The project allows women to take out small loans to buy livestock, open small stores or weave garments to sell at markets. With their earnings, they make payments on the loans and fund their daughters' education.

"In this new century, CARE is poised to take the fight against poverty to new levels in Latin America," says Rafael Callejas, CARE's regional director for Latin America. "Building on our past success in partnering with local governments and non-governmental organizations, CARE will endeavor to be a leader in a movement to reduce and eventually end poverty.

"CARE aims to strengthen our capacity through staff training and program design and evaluation. As we look ahead, CARE will replicate our most successful projects across countries and over borders to reach those communities where the need is greatest."

fund-raising highlights

Despite the economic slowdown, overall contributions to CARE in fiscal year 2001 (FY01) increased 9 percent over the previous fiscal year, reflecting a continued public commitment to CARE's mission of ending poverty around the world.

Individuals, corporations, foundations and other organizations donated nearly \$69 million to CARE.

Individuals

Individual contributors are the backbone of CARE's fund-raising efforts, and in FY01, more than 350,000 donors gave a total of \$41.3 million to support our work. Of that total, about \$8 million came from a growing revenue stream of bequests and planned gifts, including gift annuities, charitable remainder trusts and pooled-income funds.

Foundations and Organizations

Approximately \$16.4 million was donated by various private foundations, while trusts, cooperatives, civic associations, social clubs, religious groups and other organizations accounted for an additional \$7.7

million. The Bill and Melinda Gates Foundation was among major contributors, giving a combined \$2.85 million, including emergency relief funding for survivors of drought in Ethiopia and earthquakes in El Salvador and Gujarat, India. The Kresge Foundation gave a total of \$2 million for rehabilitation projects in the aftermath of the earthquakes.

Corporations

CARE received \$3.1 million in corporate support, including annual unrestricted gifts, social investments in specific countries, and programs such as cause-related marketing and licensing agreements. Supporters included Starbucks, which gave more than \$210,000 for projects ranging from earthquake relief to education.

Delta Air Lines gave a total of \$333,000 in cash and in-kind donations. Included was funding for the Atlanta Youth Committee for CARE and the Chicago Youth Corps. Delta's gift helped high school students see firsthand CARE's work in Guatemala and Peru.

Fund-raising Events

In May, CARE's 55th Anniversary Ball in Washington, D.C., raised nearly \$600,000 to support CARE programs. About 600 people attended the event, including U.S. Supreme Court Justice Anthony Kennedy, former Speaker of the House Newt Gingrich and President Francisco Flores Perez of El Salvador.

Earlier in the year, the 6th annual Climb for CARE united a dozen supporters to climb Africa's Mount Kilimanjaro, raising a record \$150,000 to benefit girls' education in Tanzania.

Online Givino

Visits to CARE's Web site (www.care.org) and online giving increased in FY01. Online donations nearly tripled from the previous fiscal year, and the dollar amount more than doubled to almost \$1 million. In particular, donors responded generously in the wake of the earthquakes in El Salvador and India, setting records for large gifts received online.

(left) Fund-raising events in the United States benefit people around the world. (right) A key element of advocacy work in Afghanistan is expanding educational opportunities for girls.

advocacy: shaping our world

A crucial aspect of CARE's work to eradicate poverty is promoting policy reform and advocating for change. CARE works with leaders at all levels to help promote healthy, stable households.

HIV/AIDS

Worldwide, CARE continues to urge governments to respond to the HIV/AIDS pandemic and to promote the needs, rights and responsibilities of people affected by HIV/AIDS.

In April 2001, a lawsuit by the Pharmaceutical Manufacturers' Association of South Africa prompted a debate about how best to help millions of people in developing countries who lack access to inexpensive drugs to combat HIV/AIDS. CARE staff went to the Pretoria, South Africa, trial as observers, and CARE International urged the plaintiffs to drop their case. CARE International also asked donor governments to provide funding to make AIDS drugs available to all those infected, regardless of their ability to pay.

Later, when legal action against the South African government was dropped, we called on leaders around the world to intensify efforts to promote prevention, care and community support through public education, counseling, testing and treatment.

In June, CARE staff from 10 countries participated in the UN Special Session on HIV/AIDS, meeting with national delegations and promoting a more effective Declaration of Commitment on HIV/AIDS.

Reproductive Health

CARE participated in the Planet Campaign, a coalition of six U.S.-based organizations seeking to build support among the American public for international family planning. The campaign highlights the connections between the health of women and children and the quality of the environment.

In several reports, we examined the reproductive risks faced by millions of women around the world and demonstrated how reproductive health programs address these problems and reduce risks.

Kenya

Along with the National Council of Non-Government Organizations, CARE supported Kenya's government in gathering information for



the national Poverty Reduction Strategy Paper; CARE Kenya sits on the council's executive committee. In addition, CARE staff worked with local government officials to review national budget priorities and incorporate poverty reduction priorities into their plans.

Afghanistan

In June, CARE USA President Peter Bell traveled to Afghanistan to better understand the challenges faced by ordinary Afghans under the Taliban and to see CARE's work. Time and again, he met families who were barely surviving – just some of the 5 million people facing food shortages after years of drought and decades of war. Bell gathered firsthand knowledge that set the stage for a much broader effort by CARE staff in subsequent months to promote humanitarian assistance to Afghanistan and to support the rights of Afghan refugees in neighboring countries to food, shelter and other support.

telling care's story

From award-winning publications and indepth Web reporting, to documentaries and news coverage, CARE promoted our commitment to ending poverty around the world.

Fiscal year 2001 (FY01) also saw CARE enter the final phase of our rebranding process. Thanks in large part to the generous contributions of McCann-Erickson WorldGroup, CARE has a bold new way to publicize our work.

Publications Garner Awards

The 2000 Annual Report emphasized CARE's commitment to achieving lasting solutions to poverty through the principles of empowerment, equity and sustainability. The annual report won a gold award in the International ARC Competition.

At the Astrid Awards, the premier international design competition, CARE's 2001 calendar won a Gold Astrid Award and Grand Astrid Award, and was chosen Best in Show. CARE's holiday card was a winner in the 2001 American Graphic Awards competition.

The Internet Educates

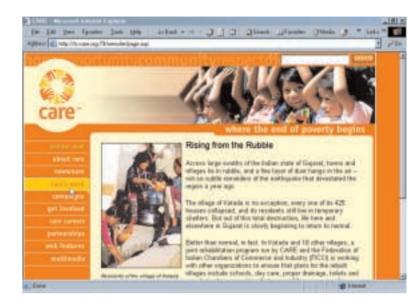
CARE's Web site (www.care.org) received a record 1.4 million visits in FY01.

Special reports documented CARE's work following earthquakes in El Salvador and Gujarat, India, from immediate relief to long-term rebuilding. In addition to the latest news, the reports included access to maps, fact sheets and feature stories, as well as the option to make a secure online donation.

CARE launched four installments in our acclaimed Virtual Field Trip (VFT) series. Through photographs, journals and other information, visitors could take richly detailed journeys to Ecuador, Ghana, Guatemala and Peru. The VFTs to Guatemala and Peru were produced in conjunction with CARE's youth initiatives, whose participants traveled to those countries.

Videos Bring CARE's Work to Life

CARE's video production unit was particularly focused on documentaries in FY01. Work began on a documentary about the global effort to eradicate polio, the largest public-health initiative in history. This one-hour film, entitled *The Last*



CARE worked to reintroduce ourself to the public, with a new global identity and a dynamic new Web site.

Child: The Global Race to End Polio, is slated for completion by the end of 2002 for nationwide broadcast.

CARE also produced *A Foundation for Peace:* Rebuilding Life in Kosovo, which depicts CARE's community-based relief-to-rehabilitation work. This film was distributed to hundreds of major supporters who raised money for CARE's projects in Kosovo.

Media Takes Notice

Once again, CARE was widely recognized in major media not only for our work, but also as an authoritative source during international humanitarian crises.

CARE received more than 1,600 print media placements in FY01. Coverage of CARE's work appeared in *The New York Times, Los Angeles Times, The Washington Post* and *The Christian Science Monitor.* Additional media placements included CNN, National Public Radio and *Time* magazine.

CARE President Peter Bell was one of many CARE experts who shared our story with the media. Bell participated in a CNN discussion on preventing famine in Ethiopia, and his commentaries were published in *The Atlanta Journal-Constitution*.

care international

CARE's commitment to help cut extreme poverty in half by 2015 and to respond to humanitarian emergencies requires a global effort. Since 1982, that effort has been embodied in CARE International, an alliance of 11 separate member organizations, including CARE USA. Together, CARE International members not only collaborate on sustainable projects, they also work on advocacy, communications, fund raising and building relationships with governments and other organizations. CARE International is coordinated by a secretariat based in Brussels.

CARE International members other than the United States raised \$59 million during fiscal year 2001 (FY01) to fund emergency and longer-term humanitarian work managed by CARE USA. Responding to earthquakes in El Salvador and Gujarat, India, CARE International demonstrated its ability to effectively marshal its resources across the globe.

Expanding its global network, the CARE International General Assembly in late spring gave the go-ahead for the inclusion of CARE Nederland, which became the first new CARE International member since the late 1980s. In addition, the significant growth and development of CARE Brasil and Raks Thai (CARE Thailand) are expected to lead to their application for membership in CARE International in the near future.

One of the most significant events of FY01 was the CARE International board of directors' unanimous approval of a five-year strategic plan that aims to develop CARE International into a more cohesive and integrated organization. This plan builds toward CARE International's recently adopted vision of becoming a global force and partner of choice in a worldwide movement dedicated to ending poverty. Major priorities identified for the first few years of the plan include:

- Developing an enhanced emergency rapid-response capacity to be headed by an organization-wide director.
- Ensuring that CARE International's programs address the underlying causes of poverty, rather than the symptoms.
- Building a diverse and growing constituency dedicated to ending poverty.

The plan also calls for raising awareness of and public support for CARE and continuing to build the capacity and financial viability of CARE International members.

One of the keys to CARE International's success in these areas is the new CARE global brand identity, which the CARE International board enthusiastically approved in June 2001. Our new image is reflected in this annual report.

CARE INTERNATIONAL LEADERSHIP

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Lydia Micheaux Marshall

Secretary-General Guy Tousignant

MEMBER NATIONS AND DIRECTORS

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A. John Watson *CARE Canada*

Niels Tofte
CARE Danmark

Manuela Rossbach CARE Deutschland

Philippe Lévêque CARE France

Satoshi Endo CARE Japan

Paul Borsboom *CARE Nederland*

Stein Støa CARE Norge

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(All directors are also members of the board of overseers.)

leadership



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A. Patrick Carey Senior Vice President, Program



Marilyn F. Grist Senior Vice President, External Relations



Barbara Murphy-Warrington Senior Vice President, Human Resources



Milo Stanojevich *Chief of Staff*

report from management

IN FISCAL YEAR 2001 (FY01), CARE USA DELIVERED ALMOST \$380 MILLION WORTH OF PROGRAM ACTIVITIES

in 58 countries around the world. While this is somewhat lower than in fiscal year 2000, this reduction was due entirely to a \$32 million decline in food shipments for distribution, used primarily in conjunction with nutrition support. In contrast, spending on CARE's other direct interventions and partnership activities continued to increase, with notable advancements in basic and girls' education, and water and sanitation programs, which experienced spending increases of 67 percent and 24 percent respectively. From a regional perspective, program expenditures in sub-Saharan Africa continued to increase, reaching almost \$100 million. Program spending in the region was boosted by the use of CARE's Africa Fund, designated by the board of directors in 1998 from CARE's accumulated net assets to support capacity building and innovation in the continent, and additional funds provided by institutional donors from around the world. CARE also reacted swiftly to emergencies in El Salvador and Gujarat, India, assisting survivors of the devastating earthquakes there. At the same time, we completed most of our rehabilitation programs in the aftermath of Hurricane Mitch and the Kosovo crisis, utilizing the remaining funds received from private donors for these purposes in prior years.

The continued high levels of program activity were possible because of support from both private and institutional donors. During FY01, total support and revenue amounted to more than \$422 million, with almost \$69 million coming from a combination of individuals, corporations and foundations, and another \$59 million from CARE International members. U.S. government support, though down slightly from the previous year, was almost \$239 million, and other government and institutional support exceeded \$48 million. Miscellaneous other revenue sources such as rent, interest and dividends added another \$5.5 million.

Entering fiscal 2002, CARE is well positioned to meet many of the formidable challenges we face. While maintaining a focus on the efficient and effective use of the donations we received – CARE STILL SPENDS

90 PERCENT OF OUR FUNDS ON PROGRAMS – the organization realizes that our most important asset is our 12,000 dedicated staff members around the world. Continuing investment in their capacity to innovate and apply lessons learned remains a priority. It is also critical that field staff have adequate resources to respond in an agile manner to quickly changing needs in volatile situations. That means keeping critical programs running when large-scale development assistance is temporarily reduced. To maintain this capacity and agility, the organization's "general purpose" or unrestricted funds are more important than ever. These funds, generally solicited for "wherever the need is greatest," have been instrumental in keeping CARE at the forefront of fighting poverty around the world, and in immediately deploying resources in the case of an emergency, even before the launch of an appeal. Contributing unrestricted funds is investing in CARE and CARE's capacity to achieve our mission.

Peter Buijs,

Senior Vice President,

Finance and Administration

report of independent accountants

To the board of directors of CARE USA:

IN OUR OPINION, the accompanying balance sheets and the related statements of activities, cash flows and functional expenses present fairly, in all material respects, the financial position of CARE USA at June 30, 2001, and 2000, and the changes in its net assets and cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America. These financial statements are the responsibility of CARE USA's management; our responsibility is to express an opinion on these financial statements based on our audits. The prior-year summarized comparative information has been derived from CARE USA's June 30, 2000, financial statements, and in our report dated June 30, 2000, we expressed an unqualified opinion on those financial statements. We conducted our audits of these statements in accordance with auditing standards generally accepted in the United States of America, which require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial-statement presentation. We believe that our audits provide a reasonable basis for our opinion.

 ${\bf Pricewaterhouse Coopers\ LLP}$

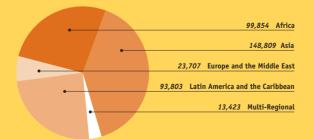
Atlanta, Georgia

September 7, 2001

Program Expense by Geographic Region

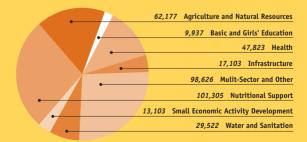
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Total Program Expense for 2001 -- \$379,596 (in thousands)



Program Expense by Sector

Total Program Expense by Sector for 2001 -- \$379,596 (in thousands)



balance sheets

For the years ended June 30, 2001 and 2000 In Thousands

	2001	2000
Assets		
Cash and cash equivalents (Note 2)	\$ 102,306	\$ 75,922
Investments (Note 4)	115,096	120,986
Receivables, net (Note 2)	20,738	37,321
Deposits and other assets	37,102	25,375
Property and equipment, net (Notes 2 and 5)	9,307	8,728
Perpetual trust held by third party (Note 3)	102,103	101,711
Total Assets	386,652	370,043
Liabilities and Net Assets		
Liabilities		
Accounts payable and accrued expenses	48,479	44,988
Program advances by government & nongovernment agencies	100,022	79,623
Annuities payable, pooled income fund, unitrusts (Note 2)	20,404	19,943
Benefits accrued for overseas national employees	13,398	12,309
Bonds payable (Note 5)	3,235	3,435
Total Liabilities	185,538	160,298
Commitments and contingencies (Notes 5 and 12)		
Net Assets (Note 3)		
Unrestricted	60,223	74,779
Temporarily restricted	33,549	28,098
Permanently restricted	107,342	106,868
Total Net Assets	201,114	209,745
Total Liabilities and Net Assets	\$ 386,652	\$ 370,043

statement of activities

For the years ended June 30, 2001 and 2000 In Thousands

	Unrestricted	Temporarily Restricted	Permanently Restricted	2001	Summarized 2000	
Support						
Public Support						
General purpose	\$ 42,697			\$ 42,697	\$ 42,121	
Temporarily restricted		\$ 21,746		21,746	16,542	
Addition to endowment			\$ 82	82	477	
CARE International	59,538			59,538	67,714	
Interest and dividends on restricted net assets	3,596	654		4,250	3,859	
Net assets released from restrictions	16,797			16,797	18,324	
Satisfaction of program restrictions		(16,797)		(16,797)	(18,324)	
Total Public Support	122,628	(5,603)	82	128,313	130,713	
Government and Other Support						
U.S. government	238,694			238,694	251,118	
Host governments	23,165			23,165	27,907	
Others	25,287			25,287	31,225	
Total Government and Other Support	287,146	-	-	287,146	310,250	
Other Revenue						
Interest and dividends on unrestricted net assets	4,282			4,282	4,494	
Rent and miscellaneous	1,218			1,218	816	
Total Other Revenue	5,500	-	-	5,500	5,310	
Total Support and Revenue (Note 8)	415,274	5,603	82	420,959	446,273	
Expenses						
Program (Notes 10 and 11)	379,596			379,596	409,289	
Fund raising	18,322			18,322	17,085	
Management and general	17,872			17,872	16,075	
Public information	3,093			3,093	2,713	
Grants to CARE International	3,623			3,623	3,107	
Total Expenses	422,506	-	-	422,506	448,269	
Support and Revenue (under)/over Expenses	(7,232)	5,603	82	(1,547)	(1,996)	
Other Changes in Net Assets						
Foreign exchange gains	328			328	282	
Actuarial loss on annuity obligations	(1,135)			(1,135)	(1,498)	
Actuarial gain/(loss) on split interest agreements		464		464	(84)	
Realized and unrealized (loss)/gain on investments (Note 4)	(6,517)	(616)		(7,133)	2,326	
Increase/(decrease) in value of trust held by third party						
(Note 3)			392	392	(4,142)	
Total Change in Net Assets	(14,556)	5,451	474	(8,631)	(5,112)	
Net Assets, Beginning of Year	74,779	28,098	106,868	209,745	214,857	
<u> </u>						
Net Assets, End of Year	\$ 60,223	\$ 33,549	\$ 107,342	\$ 201,114	\$ 209,745	

statements of functional expenses

For the years ended June 30, 2001 and 2000 In Thousands

	Program Activities	Fund Raising	Management & General	Public Information	CARE International	2001	Summarized 2000
Personnel costs	\$ 107,623	\$ 6,271	\$ 11,101	\$ 1,835	\$ 24	\$ 126,854	\$ 118,373
Professional services	13,114	825	1,772	352	-	16,063	14,443
Equipment	8,199	489	1,054	63	-	9,805	9,422
Materials and services	73,268	8,763	587	487	5	83,110	99,752
Travel and transportation	33,236	619	1,320	181	15	35,371	36,273
Occupancy	11,503	518	1,210	14	1	13,246	14,660
Financing/Depn/Misc.	2,816	719	784	64	15	4,398	6,698
Grants/Subgrants	38,917	-	-	73	3,560	42,550	24,820
AgCommodities/CIKs	90,920	118	44	24	3	91,109	123,828
Total Operating							
Expenses for 2001	\$ 379,596	\$ 18,322	\$ 17,872	\$ 3,093	\$ 3,623	\$ 422,506	
Total Operating							
Expenses for 2000	\$ 409,289	\$ 17,085	\$ 16,075	\$ 2,713	\$ 3,107		\$ 448,269

statements of cash flows

For the years ended June 30, 2001 and 2000 In Thousands

	2001	2000
Cash Flows Provided by Operating Activities:		
Change in net assets	\$ (8,631)	\$ (5,112)
Adjustments to reconcile change in net assets to cash flows		
Depreciation and amortization	1,241	748
Contributions restricted for investment in endowment	(82)	(477)
Realized and unrealized loss/(gain) on investments	7,133	(2,326)
Actuarial loss on annuity obligations	1,135	1,498
Actuarial (gain)/loss on split interest agreements	(464)	84
(Increase)/decrease in value of perpetual trust held by third party	(392)	4,142
Changes in assets and liabilities		
Decrease in receivables	16,583	1,951
Increase in deposits and other assets	(11,727)	(68)
Increase/(decrease) in accounts payable and accrued expenses	3,491	(1,850)
Increase in program advances	20,399	19,070
Increase in benefits accrued for overseas national employees	1,089	901
Net Cash and Cash Equivalents Provided by Operating Activities	29,775	18,561
Cash Flows Provided by (Used For) Investing Activities:		
Net purchases and sales of investments	(1,243)	9,268
Net purchases and sales of property and equipment	(1,820)	(1,195)
Net Cash and Cash Equivalents Provided by (Used For) Investing Activities	(3,063)	8,073
Cash Flows Provided by (Used For) Financing Activities:		
Proceeds from contributions restricted for investment in endowment	82	477
Principal payments on bonds payable	(200)	(200)
Net (decrease)/increase in annuities payable, split interest agreements	(210)	656
Net Cash and Cash Equivalents Provided by (Used For) Financing Activities	(328)	933
Net Increase in Cash and Cash Equivalents	26,384	27,567
Cash and Cash Equivalents, Beginning of Year	75,922	48,355
Cash and Cash Equivalents, End of Year	\$ 102,306	\$ 75,922

Cash paid for interest in fiscal years ended June 30, 2001 and 2000, respectively was \$47 and \$166.

notes to financial statements

THE CORRESPONDING NOTES TO CARE'S FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THE STATEMENTS.

They are available through CARE's Web site, www.care.org, and a printed copy may be obtained by contacting CARE. In order to reduce printing costs, CARE decided to omit the Notes in the 2001 Annual Report.

However, for added convenience, we have included below one of the most frequently referenced Notes: Sources of Support.

Sources of Support

CARE USA receives support for its programs from charitable contributions and grants and contracts from government and non-government entities. The following describes CARE USA's sources of support and revenue (in thousands):

Donor	Cash	Agricultural Commodities See Note 9		Non-Food In Kind		2001 Total	2000 Total	
U.S. government	\$ 153,109	\$	84,506	\$	1,079	\$ 238,694	\$ 251,118	
U.S. direct public support	68,207				401	68,608	62,999	
CARE Australia	1,746					1,746	1,408	
CARE Canada	11,533					11,533	13,340	
CARE Danmark	6,530					6,530	7,030	
CARE Deutschland	2,180					2,180	3,734	
CARE France	963					963	2,495	
CARE Japan	112					112	107	
CARE Norge	4,588		174		175	4,937	5,179	
CARE Osterreich	1,651					1,651	1,517	
CARE United Kingdom	29,886					29,886	32,904	
Host governments	20,167		148		2,850	23,165	27,907	
UNHCR	2,711					2,711	8,097	
UNICEF	534					534	697	
WFP	1,371		1,455			2,826	928	
Other UN agencies	2,137					2,137	1,743	
Dutch government	5,406					5,406	6,884	
Luxembourg	339					339	966	
Switzerland	2,384					2,384	2,215	
World Bank	480					480	1,674	
Others (grants, contracts)	7,805		396		305	8,506	8,021	
Other revenue (interest, dividends, rents, etc.)	5,631					5,631	5,310	
Support and Revenue 2001	\$ 329,470	\$	86,679	\$	4,810	\$ 420,959		
Support and Revenue 2000	\$ 322,512	\$	118,638	\$	5,123		\$ 446,273	

care regional offices

Atlanta

151 Ellis Street, NE Atlanta, GA 30303 T) 404-681-2552 F) 404-577-6662

NORTHEAST REGION

37 Temple Place 3rd Floor Boston, MA 02111 T) 617-338-6400 F) 617-574-7345

New York

650 1st Avenue 2nd Floor New York, NY 10016 T) 212-686-3110 F) 212-683-1099

Philadelphia

117 South 17th Street Suite 413 Philadelphia, PA 19103 T) 215-564-3875 F) 215-564-2501



SOUTHEAST REGION

151 Ellis Street, NE 1st Floor. Suite 100 Atlanta, GA 30303 T) 404-979-9312 F) 404-577-5557

Washington

1625 K Street, NW Suite 500 Washington, DC 20006 T) 202-595-2800 F) 202-296-8695

West Palm Beach

515 N. Flagler Drive Suite 300-P T) 561-802-4194 F) 561-220-4162

MIDWEST REGION Chicago

70 East Lake Street Suite 1430 Chicago, IL 60601 T) 312-641-1430 F) 312-641-3747

200 E. Big Beaver Road Troy, MI 48083 T) 248-740-3240 F) 248-740-3246

Minneapolis |

2 Carlson Parkway, Suite 350 Plymouth, MN 55447 T) 763-473-2192 F) 763-473-4042

Dallas Lincoln Centre III 5430 LBJ Freeway. Suite 1600 **Dallas, TX 75240** T) 972-455-9229

SOUTHWEST REGION

Houston

3414 Eastside Houston, TX 77098 T) 713-621-5058 F) 713-621-2611

F) 972-776-3555

Los Angeles

6300 Wilshire Blvd Suite 1850 West Palm Beach, FL 33401 Los Angeles, CA 90048 T) 323-658-6366 F) 323-658-6466

Tuscon

1645 W. Valencia Road Suite 109-402 Tuscon, AZ 85746 T) 520-241-8353 F) 520-578-1112

our vision

We seek a world of hope.

where poverty has been

overcome and people live

CARE International will be

a global force and a partner

of choice within a worldwide

ending poverty. We will be

unshakable commitment to

known everywhere for our

the dignity of people.

movement dedicated to

in dignity and security.

tolerance and social justice,

NORTHWEST REGION San Francisco

41 Sutter Street Room 300 San Francisco, CA 94104 T) 415-781-1585 F) 415-781-7204

Seattle

1402 Third Avenue Suite 912 Seattle, WA 98101 T) 206-464-0787 F) 206-464-0752

planned giving

1-800-752-6004

our mission

CARE International's mission is to serve individuals and families in the poorest communities in the world. **Drawing strength from our global diversity, resources** and experience, we promote innovative solutions and are advocates for global responsibility. We facilitate lasting change by:

- Strengthening capacity for self-help;
- Providing economic opportunity;
- Delivering relief in emergencies;
- Influencing policy decisions at all levels;
- Addressing discrimination in all its forms.

Guided by the aspirations of local communities, we pursue our mission with both excellence and compassion because the people whom we serve deserve nothing less.



core values

respect

We affirm the dignity, potential and contribution of participants, donors, partners and staff.

integrity

We act consistently with CARE's mission, being honest and transparent in what we do and say, and accept responsibility for our collective and individual actions.

commitment

We work together effectively to serve the larger community.

excellence

We constantly challenge ourselves to the highest levels of learning and performance to achieve greater impact.

CARE has made some major changes in the past year.

We have a bold new look and a long-range plan to confront three of the primary factors impacting poor communities: HIV/AIDS, education and emergency preparedness. Our 2001 Annual Report reflects these exciting innovations and demonstrates that CARE's mission to achieve lasting victories over poverty remains steadfast. Individually and collectively, the people of CARE reaffirmed our commitment to our vision of a world without poverty. We have heard those who say it can't be done. We say to them, "Read this report." It's being done. Right now. Around the world. This annual report is more than a recap of the past fiscal year. It offers a glimpse of the victories over poverty we see every day. These are small victories in a much larger campaign. But for the people who achieve them, these victories are proof that poverty is not inevitable. Through partnership, hard work and ingenuity, poverty can be overcome. If it can happen for one person, one family, one community - it can happen for millions. CARE is helping to build a world without poverty by sharing knowledge, tools and resources. Self-reliance and responsibility are fundamental to our work. Our solutions are not onesize-fits-all. They are designed locally, responsive to community priorities and culturally sensitive. They are built to last, because lasting solutions are the best solutions.

Is it truly possible to achieve victory over poverty? Absolutely. With CARE's help, it is happening every day in one community after another.



Victory #1: **Payatan, Philippines**

growing

hough nearly 70, Presentación de los Santos is a strong woman. She still works her land each day, moving tirelessly from lowland rice paddies up the hill behind her house to the plots where she grows cassava, sweet potatoes, peppers, cacao and cabbage. She speaks softly and wields a razorsharp machete with expert skill.

But Presentación's efforts yield more than just a vegetable harvest. With CARE's help, she has turned her farm in Payatan, Philippines, into a model that combines larger harvests, more diverse crops and environmental conservation. The result is greater income for Presentación and her family, and the preservation of fertile farmland for future generations.

Presentación says she and her farm set an example for others in the area. "When other farmers see the benefits of this way of planting, they will understand it's not just talk. It really works."

This kind of ripple effect is among the most powerful weapons in the fight against poverty.

"Much of my land is on a slope," Presentación explains. "I have to plant it to grow food for my family, but erosion was always a problem. CARE

showed me how to plant hedgerows of native plants to prevent erosion. I also planted marigolds to act as natural insecticides. With less run-off and fewer pests, my harvest has increased."

Presentación and her farm play an important part in efforts by CARE, the Philippine government and other organizations to ensure that the people who live off the land surrounding Mount Isarog National Park can continue to do so, without harming the mountain's unique ecosystem. With CARE, Presentación and her local farmers' association have pledged to reforest 178 acres of Mount Isaroq to control erosion.

"The next step is to plant coffee," says Presentación. "CARE helped our farmers' association start a nursery where we're growing seedlings. The idea is to have one crop ready to harvest and sell

Farmers like Presentación have lived their whole lives on the fringe of the Philippines' oldest national park. But they don't have to live on the fringe of society. Today, their economic future is growing strong, right along with the crops they plant.

> **CARE** is working in 23 communities surrounding the Philippines' oldest national park (above), helping farmers like Presentación (right) grow more food while protecting a unique ecosystem.



credits

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This CARE 2001 Annual Report is supported in part by a grant from the Weyerhaeuser Company Foundation. For more than a century, Weyerhaeuser has practiced responsible, sustainable forestry. Weyerhaeuser plants 100 million trees every year, ensuring we will always have forests to enjoy and products fundamental to human life – building materials, paper and packaging. The Weyerhaeuser Company Foundation and CARE are working together to help build strong communities and stable livelihoods through sustainable forestry in the developing world.

Editorial and Production Team

Managing Editor

Gretchen Hemes

Creative Director/Designer

Kimberly Conger

Designe

Karen Gold

Photo Editors

Valenda Campbell Jason Sangster

Production Coordinator

Colleen Moynahan

Writer

Andrew Chadwick, Allen Clinton, Lynn Heinisch, Gretchen Hemes, Anthony Jaffe, Sherine Jayawickrama, Kim Kopp, Alina Labrada, Amy Mehringer, Colleen Moynahan, Andy Pugh

Printing

Williams Printing Co. Production Services

Papel

Monadnock Dulcet

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For further information, please contact:

CARE 151 Ellis Street, NE Atlanta, Georgia 30303-2440 1.800.422.7385 www.care.org

