



SHE HAS **THE POWER** TO CHANGE HER WORLD. YOU HAVE **THE POWER** TO HELP HER DO IT.

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At CARE we work to create a world where all people have the opportunity to realize their full potential and find their own voice. Because in the end, that's the key to ending injustice and poverty.

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CARE President Helene Gayle reviews an economic activity chart with a young woman involved in a livelihood project in northern Bangladesh.

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I am reminded of our connectedness as well as our common hopes, fears and dreams by the many people whose stories I have heard. Esther, a woman from Zambia who birthed and buried three children with AIDS before she knew she was infected, told me, "I know you think that because we see so much death and disease in our countries that the lives of our children don't mean the same as the lives of your children. Even as poor as we are and as difficult as our lives may be, we too have hopes for our children's future. We too have dreams." Hers are the dreams we work for each day.

A handwritten signature in black ink that reads "Helene D. Gayle". The signature is written in a cursive, flowing style.

Helene D. Gayle MD, MPH
President and CEO, CARE



CARE works in communities that surround three refugee camps in Dadaab, Kenya, which are home to tens of thousands of Somalis who fled their country's civil war in the 1990s. We work to reduce tensions between refugees and the local people, especially over scarce resources such as water and firewood. CARE rehabilitates wells, delivers food and water, supports education and provides vocational training, which brings hope to young women like Bisharo.



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In her words...

I have been often criticized by my community because I work as a mechanic and I wear an overall. In my culture a woman is not supposed to have trousers, but this is what I need to do in order to do the job I love. If I wore a proper dress that covers me from head to toes, I could get hurt while I repair a car or weld, so I need to wear what everyone else wears. I have no problem with what people think because my focus is on doing the job and learning a skill that will enable me to take care of myself. I am grateful to CARE for having given me a chance to learn this skill.

My cousin Falhadho introduced me to this because she was trained by CARE as a welder in 1998 and I started as a mechanic in 2004. My dream is to become a mechanical engineer. In the mornings I work as an office assistant; I don't mind that job because it provides me with a salary, but what I love to do is to repair cars. Being a mechanic is a skill that can help me improve and reach higher places.

I also own a little shop in the town where I sell food and household items. My aunt is at the shop when I am working. With the income I make, I am able to support 16 people.

I used to be shy, but now I know what I am doing and I am just as good as the boys. I am not married, and in my culture, once you pass 20 years and are not married, you are considered "spoiled." Of course I am very OK. I am not spoiled. I do want to have children one day, and I will certainly send my girls to school.

My father, who was a religious leader, was not in favor of education for the girl child. We only went to primary school, but I continued to learn as I knew I wanted to help myself in the future. I know I will do well as a mechanic. I just hope that I can continue my education.

– Bisharo, mechanic and shop owner





Overview

East and Central Africa

Discrimination, inequality and poor governance have been key themes in CARE’s poverty-fighting work in east and central Africa. “These are underlying causes of poverty that cut across the nine countries we work in,” said the late Geoffrey Chege, regional director from 2003 through 2006. “If our work contributes to addressing these critical issues, we have the potential to make great strides in reducing poverty and in improving people’s lives.”

CARE’s Strategic Impact Inquiry process in east and central Africa is an effort to assess the extent to which we address issues of discrimination and inequality by empowering women. In fiscal year 2006, the region asked the question: Just how effective are our programs when it comes to improving the lives of women?

Early results from Somalia and Ethiopia show that more families are sending their girls to school in areas where CARE has worked. And in Tanzania, the households that participated in the village savings and loan program run by CARE experience greater food security and save more money compared to those that did not.

As a whole, the analysis revealed that changing ingrained cultural norms that marginalize women often happens in stages. The transformations we seek start as “seedlings” of change that must be nurtured over time. According to Chege, “This is one of the most valuable lessons for CARE, as it challenges us to listen even more closely to communities to improve the quality of our programs in ways that contribute to lasting change.”

“We will honor Chege’s memory and teachings by using these findings to address the structures that oppress women and to hold ourselves accountable to poor communities,” says Teresa Kamara, deputy regional director.

In northern Uganda, CARE led a coalition for peace that tirelessly highlighted the plight of people trapped in the conflict between the government of Uganda and the Lord’s Resistance Army. During national elections, this coalition informed citizens about the impact of the conflict and worked to initiate peace talks. CARE also launched the Great Lakes Advocacy Initiative to bring Rwanda, Burundi, Uganda and Congo together to address issues of gender and conflict, and highlight the need for better representation of women in peace processes.

In the battle against HIV, CARE helped mobilize faith-based groups across the region to fight stigma and produce a short film, entitled “Faith against AIDS,” to document and share lessons learned from programs implemented with faith-based partners.

CARE USA expended \$151 million on poverty-fighting projects in the following east and central African countries:

- Burundi, Democratic
- Republic of Congo,
- Eritrea, Ethiopia, Kenya,
- Rwanda, Somalia, Sudan,
- Tanzania, Uganda



Dede Pickering is a long-time supporter of CARE. She was instrumental in forming the New York Women's Initiative, a group dedicated to helping empower women and girls through CARE's education projects.

In her words...

I had traveled the world, camera in hand, when I realized that it was the women and children I saw through my lens to whom I felt most connected. Then I was introduced to CARE and found an organization that shared my concerns for people and had a vision for the world I could believe in. Together with a thoughtful group of committed women, I started working to make a difference for women and children like those I had photographed so many times.

We knew that collectively our voices would be heard and that our efforts would have a greater impact if we formed a group. While we continue to empower women around the world, they in turn empower us by teaching us about their lives in the developing world. We have learned that we have similar dreams for a safer, healthier, more peaceful world for all of our families. We can accomplish these dreams if we work together, united across cultural divides by the fact that we are all women.



CARE has helped the community of Cangala establish two associations that are having an important impact on the health and well-being of its residents: a farmers' association and a savings group. Having lived through Angola's 30-year civil war, people are ready to work together toward a peaceful, more prosperous future.



In her words...

One of the benefits of belonging to the savings group is that I can get credit at any time from the fund we created. I took a loan for \$25 in May to go to the hospital. Because it was an emergency, I don't have to pay interest on that loan. Now, after four months, I am preparing to repay it in full.

– Maria, savings group secretary

In the past, people were suffering from war. Today we are not. As a widow, it was very difficult to produce enough food. Now, as a member of the farmers' association, I am able to share in what we produce. I can work and grow enough food for my family. Now there is no struggle.

The community leaders appointed me treasurer of the savings group. Maybe they chose me because they know, as a widow, I am independent.

– Doroteia, savings group treasurer

CARE taught us farming techniques, such as how to seed and how to use fertilizer properly so we don't damage plants. Now we are able to grow more potatoes, which we use primarily to sell. In the past, because we didn't have proper techniques, the potatoes we grew were so small no one would buy them. Now we are growing nice, large potatoes that sell for twice as much! This has led to more income for my household that I use to buy chickens and clothes for the children and myself.

I am also a member of the savings group. I was motivated by CARE to join. The trainer explained that if we could save just a little each month, together we could grow a fund to start a business that would help us. It is working very well so far – just as the trainer explained that it would. We bought sugar, rice, oil and soap, which we sell from our small store. The members haven't started taking profit yet; we are just saving what we earn to put back in the business. The success of this is the security we have in case we become ill. If I need credit to go to the doctor, I can easily get it from the group. I also took a loan once for my daughter's school fees.

– Celinda, savings group member





Overview

Southern and West Africa

The southern and west Africa region has been the crucible for development of CARE's highly successful village savings and loan program (VS&L). First piloted in Niger in 1991, the model has grown to become one of CARE's most significant programs in the area of economic development and livelihood security. It employs a simple, sustainable microfinance methodology for providing basic financial services to the poor, and has been particularly effective at reaching the rural poor, a constituency that many other microfinance programs struggle to reach.

The basic principle of VS&L is that a self-selected group of usually between 10 and 25 members forms an association to save money, which is the source of loan capital from which they can borrow. CARE's VS&L programs now reach over 500,000 people – 70 percent women – across southern and west Africa.

Building on the example set by Niger, other CARE offices in the region have adopted this innovative, low-cost savings and loan approach. Mali, for example, has had good success with its VS&L program, and found that savings groups are an efficient means to transmit other important information. In one district where the rate of family planning was among the lowest in the country, women from CARE's VS&L project helped to double the number of households using a family planning method. In another district, women savings group members helped convince a village to abandon the practice of female genital cutting.

Another of the many benefits of membership in a VS&L group is the ability to better withstand crises that create food shortages, such as drought. Still, millions of people in southern and west Africa continue to face chronic hunger. There are many underlying causes of food insecurity, among them weak governance and economic stagnation. CARE addresses acute needs with a variety of responses, including the provision of food that is both imported and purchased locally, and supplying agricultural assistance, such as seeds and fertilizer. However, CARE and other humanitarian organizations recognize the need to develop longer-term solutions to food insecurity.

In fiscal year 2006, CARE addressed persistent vulnerability more directly, through a range of responses. These included improving systems to identify needs before they reach emergency status and advocating for change in policy and practice. In Angola, for example, CARE supports and influences government attempts to decentralize health, water and sanitation services. CARE was also instrumental in establishing regional development forums where community members are trained in advocacy and lobbying for better municipal services.

CARE USA expended \$115 million on poverty-fighting projects in the following southern and west African countries:

- Angola, Benin, Chad,
- Ghana, Ivory Coast, Lesotho,
- Madagascar, Malawi, Mali,
- Mozambique, Niger,
- Sierra Leone, South Africa,
- Togo, Zambia, Zimbabwe




The “Escampette” family has undertaken a global tour with the goals of educating their children through exposure to cultures and gaining a deep understanding of humanitarian needs and actions. Along the way, they are visiting CARE projects.

In their words...

For our family, the perfect humanitarian organization is: Large enough to leverage its experience across many and various projects, but small enough to be ready to offer a special solution to each community... Efficient, so as to maximize its impact for communities in need, but thoughtful in its efforts to look for the real causes of problems instead of simply curing the symptoms... Humble when learning the specific needs, challenges and opportunities in a given community and willing to adjust its approach when conditions change, but also courageous enough to stay the course when the going gets tough...

How can any organization be all this at the same time? Among the many humanitarian groups we have studied, CARE is amazingly close to this ideal. We have the utmost respect for what is accomplished in all the projects we have visited. We want to promote their accomplishments, help them keep their quality and even improve when possible.

A young woman with long dark hair, wearing a brown patterned sari and a light orange shawl, is sitting on a red and blue striped mat. She is looking off to the side with a thoughtful expression. In the background, other people are sitting on similar mats, suggesting a community gathering or a peer education session. The lighting is warm, and the overall atmosphere is one of a community event.

Naleema is a volunteer in a CARE-supported peer education program in Durg, a poor suburb of Raipur in central India. Naleema and the other peer educators run an outreach program for local youth, spreading awareness about HIV & AIDS and other sexual health issues that have traditionally been taboo in the community.

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In her words...

Before I got involved in this work, I seldom left my home. When CARE first came and told us about the program, my friends and I had many discussions about it. The more we learned, the better we felt about it, and we started to come out and participate. It was all about our health and our lives. We learned about HIV, sexually transmitted infections and how to do door-to-door visits with other young people. We realized that this work wasn't just for us, but for generations to come.

I have been working as a peer educator for three years now. I try to learn more and more so that I can share this knowledge with the community. If I can make others aware, I'm saving their lives. I want to go to every corner until the last person knows about HIV and how they can protect themselves.

Before, I wasn't able to speak, especially in front of people. But because of this work, I've developed so much confidence. Now I can talk to anybody, and I know what to say and where to say it. My family recognizes the importance of my work, and they feel I'm doing something good for the community. People have put so much trust in me, and I won't betray their trust.

The hardest part is just discussing these issues in the community. There's a lot of resistance. It's hard to do this kind of work at all, but if a girl is doing this kind of work, it's even harder. When we go out in the community, the neighbors say, "So-and-so's daughter is doing that kind of job." Even so, we will continue to work with the program. We will try again and again to make people aware of these issues.

We have the power to make a difference in our community, but there are people who don't want to change. We need to explain to them, convince them, and this takes time. But we are confident we're doing the right thing.

I know people's thinking will change some day. If it doesn't change today, it will change tomorrow; if not tomorrow, the day after. But I'm sure that one day it will change.

– Naleema, volunteer peer educator





Overview

Asia

Asia has experienced many emergencies in the past few years. Since the December 2004 Indian Ocean tsunami, the region has seen earthquakes in Pakistan and Indonesia; floods and mudslides in India, the Philippines and Thailand; and conflict in Afghanistan, Sri Lanka and Nepal. Emergencies have become a part of people's lives in Asia, and this trend is expected to continue.

When crisis strikes, it is always the poor who suffer most. Some 850 million people remain below the poverty line in Asia, and of those the majority are women and girls. As emergencies have increased, CARE has begun to change the way we respond by increasing focus on the most vulnerable and overlaying our long-term development principles onto emergency plans. Our experience on the ground has driven these changes: Four months after the earthquake in Pakistan, CARE conducted a review of our relief operations in which partners and beneficiaries were invited to assess our response. The lessons learned from that exercise informed future course corrections and shaped our emergency response strategy more broadly.

CARE recognized that disaster risk reduction concepts should be made more explicit in order to reduce the vulnerability of the poorest before an emergency happens. We also committed to using CARE International's program principles overtly in our response proposals, with special emphasis on gender equity, to reduce the risk of exploitation, including sexual. Experiences in fiscal year 2006 demonstrated that emergency preparedness planning is a process that should be considered and reviewed constantly throughout CARE's program cycle.

Avian influenza, also called bird flu, was a different kind of emergency for the region, and our response was in keeping with our overall strategy of building communities' capacity to prepare for, respond to and reduce risk from disaster. The spread of this virus has in part been accelerated because of poor living conditions, unsafe hygiene practices, unhygienic markets, poor sanitation systems and lack of early warning systems. CARE has worked with communities in these vulnerable environments to raise awareness and design programs that reduce unsafe conditions. We also worked to prevent the potential loss of lives and livelihoods, with particular emphasis on those most vulnerable, including women, children and the elderly. Given the regional nature of this threat, CARE put a high priority on sharing information and strategies; we set up a virtual library that offers resources and tools through the Internet.

CARE USA expended \$163 million on poverty-fighting projects in the following Asian countries:

Afghanistan, Bangladesh, Cambodia, East Timor, India, Indonesia, Laos, Myanmar, Nepal, Pakistan, Philippines, Sri Lanka, Tajikistan, Thailand, Vietnam

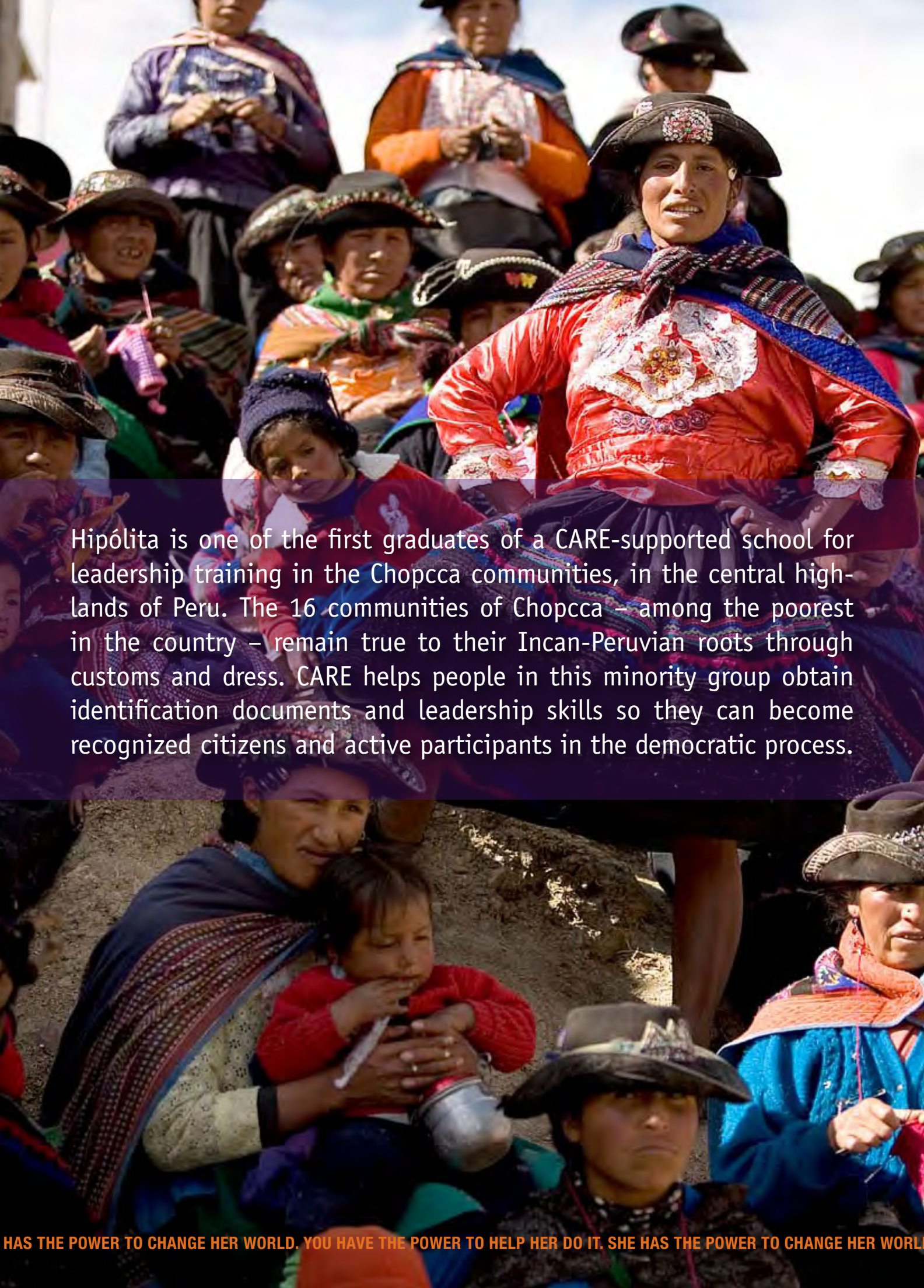


Amy White is vice president of internal communications for Cardinal Health, a Fortune 19 global health care company. Cardinal Health has supported CARE's response to the December 2004 Indian Ocean tsunami, and Amy traveled with CARE and other corporate representatives to see rehabilitation efforts firsthand.

In her words...

Within minutes of the news of the tsunami, we were inundated with calls from employees who wanted to help. We turned to CARE because we knew CARE would have the resources in place to respond as quickly and efficiently as possible. After I toured relief areas a year later, I was able to tell my colleagues about the definitive difference our CARE contributions are making in the lives of so many – and I was proud to tell the rebuilding communities about the people at my company who were sending their support.

With CARE's help, these communities – and particularly the widowed women – are learning what they're capable of, what change they can effect and what leadership they can bring to their families and their villages. Through CARE, the world got a little smaller for my colleagues and me, and our opportunity to participate in making it a better place got a whole lot bigger.



Hipólita is one of the first graduates of a CARE-supported school for leadership training in the Chopcca communities, in the central highlands of Peru. The 16 communities of Chopcca – among the poorest in the country – remain true to their Incan-Peruvian roots through customs and dress. CARE helps people in this minority group obtain identification documents and leadership skills so they can become recognized citizens and active participants in the democratic process.

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Latin America and the Caribbean



In her words...

Growing up, my family never talked about things like leadership or community governance. I am the oldest of 12 children and both of my parents are illiterate. From an early age, I helped my mother take care of my younger siblings and witnessed her struggle to help my father find food for us.

As a child, my future appeared to be the same as all little girls in my village. I would get married and have children. It terrified me to think about it. I feared that once I found a husband I would no longer have my own identity.

My life now is much different than I envisioned. When CARE asked me to participate in their leadership school, I knew I was ready. As a woman, I had to get involved because, as long as only men and boys were leaders, there would never be many opportunities for women and girls.

I am grateful that my husband is supportive. He helps care for the children so that I can take advantage of this opportunity. As one of the first graduates of the leadership school, CARE sponsored me to participate in a women's conference in the city of Puno. Everything I learned in the classes was right there in practice. It made me proud to represent my community and be able to bring my learning back to Chopcca.

Women in my village never had the confidence or knowledge to participate in local government decisions in the past, but CARE helped change that. I participate in the meetings of the Chopcca communities, and this year I was chosen along with other women and men as a representative in the district budgeting process. We presented two proposals and one was selected for funding by the local government. Each week, I report back to my village's "Mother's Club," which meets to discuss important community issues and the changes we hope to make.

It is crucial that we pass on what we learn. I want my community and children to be healthy and have better opportunities for income in the future. We have confidence now, and together we're working to change our situation.

– Hipólita, leadership training graduate





Overview

Latin America and the Caribbean

CARE conducted an analysis in fiscal year 2006 of the underlying causes of poverty in Latin America and the Caribbean in order to design and implement programs with the potential for greater impact on poverty in the region. Although the analysis found some country-specific causes, two key themes emerged. One is discrimination and exclusion: Though not the poorest region of the world, Latin America and the Caribbean is the most unequal, with the largest gap between rich and poor. The other was that most countries in the region have excellent social policies designed to fight poverty, yet these policies are rarely implemented well, and often not at all.

Based on these conclusions, we looked at the design of our new programs and ensured they all contained specific and deliberate strategies to fight discrimination and exclusion. In order to support the development and implementation of pro-poor policies, CARE also became more engaged in the policy arena in countries where we work. We have realized that field-based advocacy is a powerful and indispensable approach to the fight against poverty. Though community-based work remains the heart of our mission, the knowledge we gain from our programs makes us more effective advocates and drivers of social change. Two examples illustrate our approach.

Despite efforts by the government of Peru and the international community, malnutrition in that country has not declined in the past 10 years. In rural areas, 39 percent of children under the age of 5 are chronically malnourished. With our knowledge about how to reduce malnutrition gained over many years of successful programming, CARE and our partners obtained the commitment of all presidential candidates to reduce malnutrition from 25 percent to 20 percent. Then CARE helped develop 10 concrete actions the new government could take in its first 100 days in order to fulfill the campaign promise. Not only did CARE advocate for a reduction in malnutrition, we used our field experience to develop a specific proposal on how to go about it.

In El Salvador, CARE was contracted by the Inter-American Development Bank to design a large, new water program for the country. Evidence from more than 10 years of programs in water and sanitation showed which strategies worked. By designing a national program based on our experience, we made an important contribution to ensuring access to water for the poorest and most marginalized communities in El Salvador.

CARE USA expended \$103 million on poverty-fighting projects in the following Latin American and Caribbean countries:

Bolivia, Brazil, Ecuador, El Salvador, Guatemala, Haiti, Honduras, Nicaragua, Peru



Tom Warth has supported CARE for more than 35 years. He served as chairman of the Minnesota delegation to CARE's National Advocacy Conference in June 2006.


In his words...

I have always believed in CARE and its work.

Growing up in England during the war years and the post-war recovery period, I was very familiar with CARE Packages. For us in the UK and the rest of Europe, the words CARE Package reinforced all the good feelings we had for America.

CARE's tradition of helping continues around the world. But with the gap between wealthy and poor widening, we need to do more. One of the best things about CARE is that we are not simply asked to write a check. We are presented with opportunities to really get involved. I have had the particular privilege of educating lawmakers with CARE in our nation's capital. To personally walk the halls of Congress and speak on behalf of the world's poor is both a moving experience and important work. I really believe that when CARE supporters like me visit Washington and speak on the issues of poverty, we have an impact on our legislators.

I give my time and talents to CARE because, through them, I really think I am making a difference in the world.



CARE's work in rural Kassab, Egypt, helps women like Wafaa become leaders in community efforts to secure sustainable access to sufficient and safe water. Through a process of evaluating needs, challenges and opportunities, community members determine how CARE can best help them improve their circumstances; they are the architects of their own development project.

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In her words...

When CARE first stepped in, they asked for women to attend a meeting to learn about the project. I was chosen to go to Beni Suef (a town 14 miles away) to attend workshops where they taught us how to get information from women in the village and how to make them aware of the different water usages they have. We came back to the village and put into practice what we learned.

It was the first time I had done this kind of work. The exposure and the experience I gained were very important because I met new people. I went outside the boundaries of the village. We never do that. Usually in our village, the women stay home. So this was a big step for us to go out. This was all because of CARE's effort to help us to participate.

At first, the community didn't get the idea of training and planning. They just wanted a project. They said, "We are attending training and meetings over and over and nothing is given to us, so when are you going to get a project started? Is it coming ever or are you just giving empty promises?" I told them that in order to get the project, they have to go through the planning cycle. They were very eager for a sanitation project, because it is a real problem for all the houses.

Women are not as concerned with irrigation because we stay at home. Drinking and sanitation are our biggest concerns. These are what we suffer from the most, so this is what we want to fix. Now women have an opinion and it's out in the open, not hidden like before. And when we ask the women for information and data, they feel proud that they are giving us their opinion.

I am so thankful that almost all the village is connected to water now. I am so happy about it because it solved major problems for the women. Women – especially old women – used to suffer a lot from carrying heavy containers of water.

Being able to serve the people and seeing the water being installed is the biggest reward. Even if I had water, others didn't. And it's always a pleasure to serve my community.

– Wafaa, project leader





Overview

Middle East and Eastern Europe

Programs in CARE’s Middle East and Eastern Europe region are linked by their focus on three unifying themes: social exclusion and injustice; inequitable access to natural and economic resources; and poor governance and instability. While all countries in the region (apart from the Palestinian Territories and Yemen) are classified as middle-income, this status masks pockets of deep poverty and marginalization. In a region where national GDPs have the ability to support equitable social development programs, poverty is closely linked to social injustice and exclusion, and characterized by the wide and increasing polarities between the rich and poor. Conflict over recognition, access to resources, governance, justice and rights has been or is a factor in most countries where CARE works.

This conflict exists across various levels. Within households in Yemen, for example, there may be conflict over women’s mobility, access to education or control over assets. In Jordan, conflict arises within and among communities over control of water. Bulgaria and the republics of the former Yugoslavia struggle with conflict between minority ethnic groups and the national government. Armed conflict has tragically become a defining characteristic of the West Bank and Gaza.

Guided by our unifying themes, CARE’s poverty-fighting projects aim to root out the underlying causes of conflict. In Bosnia, CARE has for years focused on multi-ethnic women’s organizations that emerged after the civil war of the early 1990s. In fiscal year 2006, CARE supported a Strategic Impact Inquiry into women’s empowerment in the Bratunac/Srebrenica region of Bosnia. We learned that the activists who led the creation of the multi-ethnic women’s groups were mainly women who were in fact displaced from their homes and jobs, and who were specifically disempowered by the war. The inquiry’s findings show a significant emphasis among these women on the importance of political participation and the creation of a gender equity law. They also noted a new and, for them, key dimension of empowerment: empowerment of the spirit. The women said the emotional and psychological support offered by CARE was crucial to their current sense of empowerment.

CARE understands conflict is a major obstacle to empowerment, and nowhere is that more evident than in the Palestinian Territories. In the Gaza Strip, CARE is covering the shortage in medical supplies that are no longer available through the Ministry of Health due to international restrictions on working with the Hamas-led government. CARE provided medical supplies and generators to 14 clinics in Gaza that reach an estimated 1 million people out of a total population of 1.5 million.

CARE USA expended \$29 million on poverty-fighting projects in the following Middle East and Eastern European countries:

Bosnia & Herzegovina,
Bulgaria, Croatia, Egypt,
Georgia, Jordan, Kosovo,
Russian Federation (North
Caucasus), Serbia &
Montenegro, West Bank/
Gaza, Yemen



Amina Khan is an attorney living in Washington, D.C., and a founding member of the Committee for Global Relief, a nonprofit organization formed after the 2005 earthquake in Pakistan.

In her words...

Over 75,000 lives were claimed in the few short weeks after the South Asian quake of 2005. With many more deaths expected, and minimal media coverage, we felt the need to help. We formed an alliance between the Pakistani- and Indian-American communities and raised almost \$100,000 in a very short time.

I was eight months pregnant at the time, and reading reports online about families buried alive under the rubble of their homes was devastating. CARE responded by expanding its Pakistan operations rapidly. Through its local partners, CARE used the money we raised for building tent schools and provided other essential services. Its professionalism, transparency and low overhead costs are critical to its success on the ground.

My colleagues Nilofer, Sanjit and Sumanth worked tirelessly on this effort. It was great to lobby Congress together! No one had seen Pakistani- and Indian-Americans working together before this – and we felt confident in CARE's abilities to perform on the ground.



Our Programs

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The following program areas provide a useful way to think about some of the major factors that impact a family's well-being. Yet we know that none of them exists in isolation, and a great many of CARE's projects touch on several of these areas at once. A microfinance project might focus on households affected by HIV & AIDS and work to reduce stigma. Efforts to increase access to water include lessons on health and hygiene, and can improve food production through irrigation. During emergencies, we strive to ensure children are able to continue their education or restart schooling as soon as possible. CARE's work to fight poverty and empower women encompasses these seven broad categories:

Basic and Girls' Education

Promoting the right to education and helping people master reading, writing, basic arithmetic and critical thinking; working to increase political participation and promote equitable decision-making power.

Economic Development

Working in partnership with communities and local institutions to overcome poverty through microfinance projects, business development services and market linkages.

Health

Promoting healthy behaviors, empowering communities to prevent and manage health risks and helping local institutions deliver sustainable, quality health services; fostering change that spans from the individual to national policy.

HIV & AIDS

Helping individuals and communities protect themselves from contracting HIV, reduce the negative social and economic effects of the epidemic and protect the rights of people living with HIV & AIDS.

Water and Sanitation

Helping poor people gain access to adequate, reliable supplies of water for drinking, bathing, economic activity and food production; helping families build sanitary latrines and encouraging healthy hygiene practices.

Agriculture and Natural Resources

Working with poor people to improve their lives through sustainable crop production, increased incomes, responsible use of resources and community empowerment.

Emergency Response

Offering timely assistance to disaster-affected communities, providing the support they need to prepare for and survive emergencies, rebuild their lives and overcome poverty in the long term.



CARE engages in policy analysis (linking our experience in the field to policy positions), government relations (direct contact with members of Congress, key executive branch officials and opinion-makers) and constituency building (mobilizing volunteers to inform and influence policy-makers).

Advocacy: Shaping Our World

HE HAS THE POWER TO CHANGE HER WORLD. YOU HAVE THE POWER TO HELP HER DO IT. SHE HAS THE POWER TO CHANGE HER WORLD.



CARE worked to garner support for the Senator Paul Simon Water for the Poor Act of 2005. This legislation requires the U.S. government to produce a strategy for the provision of affordable and equitable access to safe water and sanitation. CARE led efforts to develop recommendations for this strategy, which were endorsed by a group of 35 organizations and sent to Secretary of State Condoleezza Rice in April 2006.

We continued to draw attention to various policy issues related to HIV & AIDS, including restrictions that limit the effectiveness of U.S. government HIV & AIDS prevention funding. CARE staff worked throughout the year on this important issue, culminating with the introduction of legislation by Senators Dianne Feinstein (D-Calif.) and Olympia Snowe (R-Maine) that seeks to modify these restrictions.

In December 2005, Senator Barack Obama (D-Ill.) introduced legislation to address the longstanding conflict in the Democratic Republic of Congo. CARE has worked to educate our supporters about this nation and its neighbors, and supported this legislation, which passed the Senate in June.

Food aid resources have provided vital support to CARE programs for more than 50 years. CARE completed a two-year review of our food aid policies and management practices to determine how to use food resources more effectively to meet people's needs and make them less vulnerable. As a result, CARE adopted several significant changes related to our food aid policy, including our position on the sale of commodities – monetization, local purchase of food and trade liberalization. These changes also compel us to analyze more closely current U.S. food policies aimed at eliminating or mitigating hunger in poor populations.

In June, CARE's annual National Advocacy Conference in Washington, D.C., brought together some 350 supporters, more than doubling previous attendance records. Participants attended educational workshops and advocated for funding for core humanitarian and development accounts, HIV & AIDS and the Democratic Republic of Congo. They also heard from prominent speakers, including World Bank President Paul Wolfowitz and Senator Obama. CARE Ambassador Meg Ryan presented the first "I Am Powerful" award to Violeta Chunchu, a CARE project participant from Ecuador.

The 2006 conference demonstrated the power and potential of the CARE Action Network, our cadre of citizen activists with over 40,000 members. Members of the CARE Action Network participated in local events, met with their members of Congress in-district and sent more than 26,500 e-mails urging their legislators to take action on issues including Sudan, HIV & AIDS and the international affairs budget. As a founding member of The ONE Campaign, CARE played an instrumental role in growing this national movement to fight global poverty.



We have the power to change the world

Wendy Turner

May you work today
Humble and soft
filled with mercy
and love

I support you! hugs.

You are a Valuable Woman!

I am Peaceful...
and
I am strong...
and
I am still powerful

You are strong and beautiful, and people in America are thinking about you and wishing we could do more. BIG HUG!!! - Erin Lucia

We are united in our hope for a better future for ourselves and our children. We are all peaceful.

Be strong - you are not forgotten

Love. Beauty. Change. Embrace. Truth. Combat. Transcend. Hope. Prayer. Health. Wellness. Sunshine. Flower. Glow. Peace. Forgiveness. strength. Unite. Help. Hug. Light. Laugh. Universe. Acceptance. Power. Rest. Play.

together, we are all INVINCIBLE!

Stamp
Know you are loved
and always have hope!!!

"My humanity is bound up in yours, for we can only be human

TOGETHER."

POWERFUL
Peace & Prosperity for all women everywhere!

Don't give up! You are strong!

Dream Big! Believe! Achieve!

Yes, Women are powerful and can endure. If we help one another.

Your Mission in Life is Vital. Go, Gal, Go!

In every country On every day A woman makes a difference

Believe in Your self

Together we are very strong

Together we are More Powerful

Together, we can change our world

I AM WITH YOU IN SPIRIT STAY STRONG

WOMEN ROCK!

Education is the key

I am not alone I am loved I am powerful I, you, me.

DO NOT

Telling Our Story

YOU HAVE THE POWER TO CHANGE HER WORLD. YOU HAVE THE POWER TO HELP HER DO IT. SHE HAS THE POWER TO CHANGE HER WORLD.



Fiscal year 2006 was a watershed in the storied, 60-year history of CARE's marketing efforts. With the launch of the "I Am Powerful" campaign, CARE focused messages around one of the compelling truths about our work: Empowering women is key to creating lasting solutions to poverty. With this campaign, we sought to connect women in the United States with women around the world and engage them in the cause of fighting global poverty.

CARE was fortunate to have several powerful women help us tell this important story, starting with our own president, Helene D. Gayle. Already a well-known expert in the field of HIV & AIDS and public health, Dr. Gayle has been sought by CNN, The New York Times, National Public Radio, The Wall Street Journal and CBS' "Sunday Morning" for interviews on topics including Afghanistan, international philanthropy and women's rights.

Also drawing attention and support for CARE is our cadre of celebrity ambassadors, including actress Meg Ryan, model and businesswoman Christy Turlington Burns, Atlanta Mayor Shirley Franklin, and entrepreneur and educator Sheila Johnson. Each traveled to see our work firsthand and meet women who are changing their lives with CARE's help. With new understanding of and passion for CARE's work, they appeared on television ("The Oprah Winfrey Show"), in magazines (O, The Oprah Magazine; Tu Vida) and at events (CARE's National Advocacy Conference) to champion the cause of women's empowerment.

Media outlets and corporations offered additional opportunities for valuable partnerships. With More magazine, we created the CARE More Giving Circle Challenge, offering their over 1 million readers the chance to win a trip to see CARE's work in Peru by raising money to support our programs. Borders Group helped raise funds and awareness by selling bracelets and placing signs in 1,200 bookstores nationwide. They also assisted by producing and selling CARE's 2007 calendar, making it the first CARE calendar available for purchase by the general public.

The "I Am Powerful" campaign also helped CARE use traditional communications channels to new effect. The striking visuals and simple message conveying women's natural strength garnered donated media space in magazines, on television, in airports and even on the Jumbotron in New York's Times Square. Our Web marketing efforts drew more than 330,000 additional visits, and nearly 11,000 people signed our "Power Circles" with a message of solidarity for poor women.

Indeed the last two months of the fiscal year dramatically illustrated the growing importance of the Web in CARE's marketing efforts. With the convergence of the "I Am Powerful" campaign and an earthquake in Indonesia, May and June saw an average of over 11,000 visits a day – unprecedented except for January 2005, the month following the Indian Ocean tsunami. Online giving totaled \$5.3 million.

Peggy Northrop is the editor-in-chief of More, a lifestyle magazine for women over 40.

My readers love to travel and take a keen interest in the world around them. They are the women who broke down barriers in the workplace, in politics, in media. We believe we can change the world because we've done it.

We see the terrible human cost of war, disease and lack of education, and we know the burden is being borne disproportionately by women and girls. My readers want to know what they can do to help those women. When I was introduced to CARE's "I Am Powerful" campaign, I knew I'd found a way to channel their energy.

We know what happens when women begin to exercise their power. CARE has given me an extraordinary way to pass that knowledge on.



Fund-raising Highlights

U.S. private support for CARE's poverty-fighting work totaled \$112 million during the 2006 fiscal year. Below are some moving and motivational examples of giving.

On May 17, some 600 CARE supporters celebrated our 60th anniversary at dinners hosted by 36 ambassadors and a ball at the Organization of American States in Washington, D.C. The event, which commemorated the delivery of the first CARE Package in France in 1946, raised a record \$900,000. Thirty-two corporations, including Nortel, Cargill and ICICI Bank, sponsored the event.

Jim Heffernan of Hanover, N.H., was so moved by the worldwide scarcity of clean water that he and his wife Nancy, along with their friends Jim and Peggy Hemphill, challenged a group of friends to help provide clean water for an entire Haitian town. More than 20 people contributed \$43,000, and by June 2006 the 20,000 men, women and children of Assifa, Haiti, had ready access to clean water for the first time.

Estate Giving We are grateful to each donor who makes CARE part of their legacy by remembering us in their estate plans. CARE's long-time friend Leonard Surratt, who passed away in 2005, left the bulk of his estate – approximately \$2 million – for the creation of an endowment, which will generate approximately \$100,000 a year for CARE's Emergency Response Fund.

Direct & Online Marketing CARE's direct and online marketing activities outpaced our goals, yielding \$41.2 million. These activities also helped introduce new and existing donors to the "I Am Powerful" campaign; one of our most successful appeals offered the opportunity for supporters to return their own messages of solidarity for poor women. CARE staff members have shared these messages with communities in which we work.

Foundations Significant professional foundation grants included a multi-year \$5.6 million grant from the Oak Foundation for post-tsunami rehabilitation in Sri Lanka and two grants totaling \$1.4 million from the William and Flora Hewlett Foundation for CARE's work with The ONE Campaign. Grants received from new donors included: ELMA Philanthropies, to support a therapeutic feeding program in Niger; the Howard G. Buffett Foundation, for research on the impact of conservation areas on poverty in adjacent communities; and the Robert Wood Johnson Foundation, for a post-tsunami water and sanitation project in Aceh, Indonesia. Grants from the Bill & Melinda Gates Foundation totaled nearly \$2 million for CARE's work in Uganda, Zimbabwe and in response to the May earthquake in Indonesia.

Corporate Giving & Alliances In late January 2006, executives from Baxter International, Cardinal Health, Cisco Systems and Wachovia joined CARE on a five-day trip through southern India to see our tsunami rehabilitation and long-term development projects in action. The Coca-Cola Company partnered with CARE and the Millennium Water Alliance to pilot a program that provides safe water to primary schools in western Kenya. The program includes water purification, safe water storage and hygiene education, and has laid the groundwork for scaling up.



CARE International



CARE USA is one of 12 national members that make up the CARE International confederation. As part of the worldwide movement to end poverty, CARE members strive to work together and with partners to strengthen local capacity, address discrimination, influence policy and deliver emergency relief.

Our commitment to collective action was demonstrated in fiscal year 2006 through the concerted efforts of the CARE International emergency group; the HIV & AIDS-focused Africa Initiative; and our work following the December 2004 tsunami in Asia. Our coordinated tsunami response, an 11-member effort, resulted in more efficient resource use, more strategic flow of information to and from tsunami-affected areas and more timely provision of relief supplies to populations in need.

CARE International delved deeper into discussions on what it means to be a truly global force within a worldwide movement dedicated to ending poverty. As CARE evolves, we are learning from our experiences in jointly managing the Middle East and Eastern Europe Regional Management Unit, providing financial and programmatic assistance to CARE International members such as Raks Thai, and in supporting potential members such as CARE Brazil. These experiences will continue to guide CARE's efforts to promote more inclusive governance and organizational diversity, as well as achieve greater program impact and accountability to our partners and stakeholders.

CARE USA has worked closely with the CARE International secretariat and other CARE members to define the six key areas upon which CARE International members will focus our collective efforts:

- Strengthening our capacity to respond more effectively to humanitarian emergencies worldwide;
- Developing our global advocacy to effectively promote policy-based solutions to poverty;
- Supporting organizational evolution to achieve greater impact, relevance and legitimacy;
- Strengthening CARE International's governance and management to create the conditions needed to achieve our vision;
- Building our shared expertise in key areas to better inform our operations and our impact on poverty; and
- Increasing information-sharing and knowledge-management capacity to enhance our organizational accountability, learning and relevance.

CARE International Leadership

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Lydia M. Marshall

Secretary General

Denis Caillaux

Australia

Robert Glasser

Canada

A. John Watson

Danmark

Niels Tofte

Deutschland

Wolfgang Jamann

France

Philippe Lévêque

Japan

Chitose Noguchi

Nederland

Guus Eskens

Norge

Gunnar Andersen

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Ulrike Schelander

Thailand


Promboon Panitchpakdi

United Kingdom

Geoffrey Denis

United States

Helene D. Gayle



On the following pages, CARE recognizes foundations, corporations and organizations that contributed \$5,000 or more during fiscal year 2006, as well as those supporters whose cumulative gifts total \$1 million or more.

Thank You

HAS THE POWER TO CHANGE HER WORLD. YOU HAVE THE POWER TO HELP HER DO IT. SHE HAS THE POWER TO CHANGE HER WOR

Of all the words we speak in a day or even a lifetime, few matter more than “thank you.” Whether in gratitude for an ordinary courtesy or a life-changing opportunity, these simple words connect people. They express our common humanity, in whatever language they are spoken. CARE is honored to once again say thank you to our donors. At every level of giving, you enable CARE to serve communities striving to overcome poverty, and we are truly grateful.



Thank You to Our Donors

Lifetime Cumulative Gifts of

\$1 Million and Above

- Anonymous
- AES Corporation
- Mrs. Nancy K. Anderson
- The Annenberg Foundation
- The Atlantic Philanthropies
- The Boeing Company
- Bristol-Myers Squibb Foundation
- Cargill Inc.
- The Church of Jesus Christ of Latter-day Saints
- Credit Suisse Foundation
- Delta Air Lines
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- Fidelity Charitable Gift Fund
- The Ford Foundation
- Bill & Melinda Gates Foundation
- Global Impact
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- William and Flora Hewlett Foundation
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- Microsoft Corporation
- Oak Foundation
- TOSA Foundation

\$500,000 to \$999,999

- The Boeing Company
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- Fidelity Charitable Gift Fund
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- Oracle
- Saperlipopette
- The Robert W. Woodruff Foundation

\$250,000 to \$499,999

- Abbott Laboratories Fund
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- Cardinal Health Foundation

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The David and Lucile Packard Foundation
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 The Yankee Candle Company

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CARE works in 66 countries to empower women and families in the fight against poverty. In fiscal year 2006 (FY06), our generous and committed donors enabled us to reach 55 million people through 901 projects. CARE USA contributed \$590 million to these efforts. The following are some of the highlights of CARE's work in FY06:

Our education programs reached nearly 9 million students by expanding opportunities to attend school – particularly for girls – and improving the quality of education.

7.9 million people, 52 percent of them women, increased their economic opportunities through CARE projects that teach business skills, improve access to credit and help people start and sustain small businesses.

We reached 38 million people with information and services to improve their health, including family planning, safe deliveries and newborn care.

Through health and social services, we helped 4.2 million people protect themselves from HIV & AIDS, reduce stigma associated with the illness and mitigate its negative economic impact.

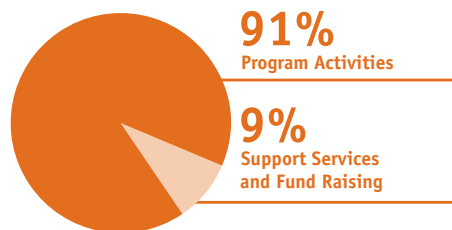
4 million people gained access to safe water and sanitation, and also learned hygiene skills, keeping families healthy and creating free time for women and girls to take part in other activities.

CARE worked with more than 7 million people to improve crop production and incomes, and sustainably use natural resources.

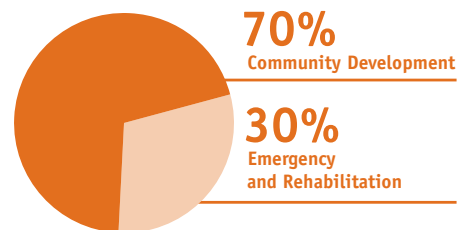
13 million people received assistance responding to and preparing for disaster, with emphasis on the needs of the most vulnerable, especially women and children.

The numbers listed here exceed the total number of participants because many CARE projects incorporate more than one programming sector.

How CARE's Expenses are Allocated



CARE's Programs by Activity



www.care.org

Message to Our Supporters

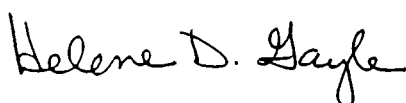
At CARE, we know that our vision of a better world is boldly optimistic. We are under no illusions about the heavy toll exacted by poverty, conflict and oppression. Yet from people around the globe – some of whom you have met in this report – we hear reason to remain dedicated to this vision. In their own words, supporters and people in poor communities alike express a shared commitment to creating a world where poverty has been overcome and everyone lives in dignity and security.

We see signs that progress is being made toward achieving our vision. There are indications of recent declines in HIV prevalence in countries such as Haiti, Kenya and Zimbabwe. The number of undernourished people is falling at a rate of 8 million each year. More girls are enrolling in primary school than ever before, especially in some of the poorest countries of sub-Saharan Africa and south and west Asia. And over 1 billion people have gained access to clean water in the past decade alone.

We work alongside communities, governments and partner organizations to fuel such progress. In areas affected by natural disasters such as the devastating earthquakes in Pakistan and Indonesia, we help people rebuild their lives and prevent future events from becoming emergencies. In Darfur, West Bank/Gaza and other regions in conflict, we help people collaborate in peace-building efforts, and we advocate on their behalf for effective international policy and action. As you have read in this report, we work in villages from Peru to Angola to India helping families fulfill their rights to adequate food, safe water, health care and education. We place special focus on working with impoverished women because our experience has taught us that, equipped with the proper resources, women have the power to help their families and entire communities escape poverty.

Inspired by the millions of women with whom we work, CARE's "I Am Powerful" campaign is linking women in the United States with women in the poorest countries in the world. Some of these connections have been highly personal: Two women widowed on September 11, 2001, partnered with CARE to provide financial and emotional support to widows in Afghanistan. CARE has also been encouraging collective action through movements like The ONE Campaign and the National Advocacy Conference. Increasingly, CARE supporters working together are bringing to light issues of global poverty.

Every day, men, women and children work with CARE to expand the control they have over their own lives and strengthen their ability to advance positive, enduring change in their societies. Although we are often in the midst of the world's most difficult situations, we hear the voices of hope. The calls for justice. The cries for peace. The songs of triumph. To these we lend our own voices, speaking boldly of a world of hope, tolerance and social justice for all people.



Helene D. Gayle, *President and CEO*



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All directors are also members of the board of overseers. This list reflects membership as of October 2006.

Executive Team



Helene D. Gayle
President and Chief Executive Officer



Joseph J. Iarocci
Senior Vice President, Strategic Support



Susan Farnsworth
Senior Vice President, Program



Debra Neuman
Senior Vice President, External Relations



Patrick Solomon
Senior Vice President, Human Resources

Steve Hollingworth joined the Executive Team as Chief Operating Officer in January 2007.

Report from Management

In fiscal year 2006, CARE USA spent \$646 million, of which \$590 million (91 percent) went to program activities designed to advance our mission and vision around the world.

This program spending included \$505 million in cash and \$85 million in agricultural commodities and other in-kind contributions that CARE invested in the fight against poverty. With \$266 million of program expense in sub-Saharan Africa, a 19 percent increase from the prior year, over 45 percent of our total program spending took place in the poorest region of the world.

We spent a record \$412 million on long-term development programs, a 13 percent increase from the prior fiscal year. Emergency expenditures were about \$30 million higher than in fiscal year 2005. We continued to spend funds raised in the aftermath of the 2004 Indian Ocean tsunami. Rehabilitation and development spending will continue in the affected countries over the next several years as we continue to help communities to rebuild lives and reestablish livelihoods.

CARE had another year of strong performance in raising direct public support. Our private fund-raising efforts this year yielded \$112 million. Support from the United States government approached \$300 million, up \$30 million from last year. Support obtained through CARE International members increased to \$138 million this year. These sources of support, together with others, raised our total revenue to a record level of \$655 million.

As always, we are grateful to all our donors, public and private, who entrust us with the resources we use to pursue our common vision – a world of hope, tolerance and social justice, where poverty has been overcome and all people live in dignity and security. We acknowledge the contribution of our fine staff, our community partners and our colleague organizations, all of whom demonstrate a commitment to that vision every day. We keep our donors, partners and staff in mind as we meet the highest standards of financial stewardship and use CARE's resources in the best possible ways.



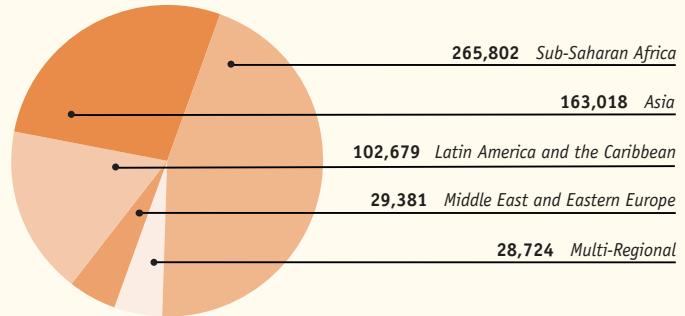
Joseph J. Iarocci, *Senior Vice President, Strategic Support & Chief Financial Officer*

Selected Financial Information

Program Expense by Geographic Region

Total program expense by region for FY2006
In thousands

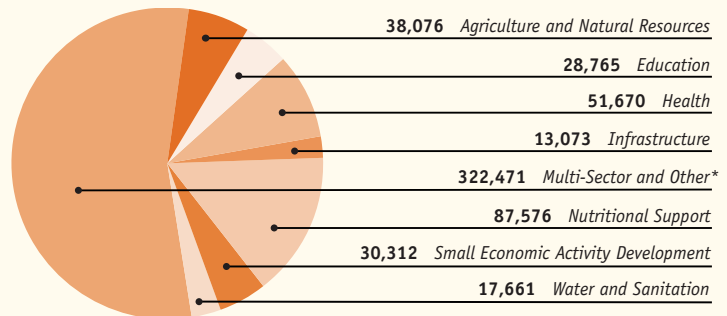
\$589,604



Program Expense by Sector

Total program expense by sector for FY2006
In thousands

\$589,604



* Multi-sector projects include activities related to three or more sectors, none of which is predominant. "Other" includes certain activities that cannot readily be classified in any of the sectors described above.

Selected Financial Information

Sources of Support

CARE USA receives support for our programs from charitable contributions, and grants and contracts from government and nongovernment entities. The following describes CARE USA's sources of support and revenue:

In thousands

Donor	Cash	Agricultural Commodities	Nonfood In Kind	2006 Total	2005 Total
U.S. government	\$ 215,901	\$ 82,127	\$ -	\$ 298,028	\$ 266,662
U.S. direct public support	108,777	-	3,556	112,333	144,724
CARE Australia	5,473	-	-	5,473	3,775
CARE Canada	9,861	-	-	9,861	12,589
CARE Danmark	7,985	-	-	7,985	7,728
CARE Deutschland	6,295	-	-	6,295	5,165
CARE France	8,171	-	-	8,171	7,840
CARE Japan	532	-	-	532	357
CARE Nederland	14,941	-	-	14,941	14,181
CARE Norge	11,417	-	-	11,417	8,215
CARE Österreich	9,855	-	-	9,855	6,248
CARE United Kingdom	63,073	-	-	63,073	53,551
Host governments	26,359	11	100	26,470	28,550
UNHCR	517	-	-	517	667
UNICEF	2,018	-	-	2,018	1,021
WFP	7,194	-	115	7,309	5,146
Other U.N. agencies	6,533	-	-	6,533	6,416
Luxemburg	238	-	-	238	503
Switzerland	23,167	-	-	23,167	16,527
World Bank	3,830	-	-	3,830	3,342
Others (grants, contracts)	28,099	-	481	28,580	24,302
Other revenue (interest, dividends, rents, etc.)	8,855	-	-	8,855	6,847
Support and Revenue 2006	\$ 569,091	\$ 82,138	\$ 4,252	\$ 655,481	
Support and Revenue 2005	\$ 547,318	\$ 74,113	\$ 2,925		\$ 624,356

Consolidated Financial Statements

CARE USA Consolidated Balance Sheets

As of June 30, 2006, and 2005

In thousands

	2006	2005
Assets		
Cash and cash equivalents	\$ 118,408	\$ 104,548
Investments	200,548	195,361
Receivables, net	64,542	47,255
Subsidiary microcredit loans receivable, net	58,649	43,034
Deposits and other assets	70,328	64,996
Property and equipment, net	5,747	7,516
Perpetual trust held by third party	112,963	111,136
TOTAL ASSETS	\$ 631,185	\$ 573,846
Liabilities and Net Assets		
Liabilities		
Accounts payable and accrued expenses	\$ 61,792	\$ 45,766
Program advances by government and nongovernment agencies	141,702	130,304
Annuities payable, pooled income fund, unitrusts	21,751	22,166
Benefits accrued for overseas national employees	17,244	15,992
Subsidiary loans payable	59,691	43,871
Minority interest in subsidiary	1,736	1,633
Total Liabilities	303,916	259,732
Commitments and contingencies		
Net Assets		
Unrestricted	83,539	79,899
Temporarily restricted	115,644	110,160
Permanently restricted	128,086	124,055
Total Net Assets	327,269	314,114
TOTAL LIABILITIES AND NET ASSETS	\$ 631,185	\$ 573,846

Our auditors have expressed an unqualified opinion on our financial statements. These financial statements include associated notes that are essential to understanding the information presented herein. The full set of statements and notes is available at CARE USA's Web site, www.care.org, and a printed copy may be obtained from CARE USA.

Consolidated Financial Statements

CARE USA Consolidated Statements of Activities

For the year ended June 30, 2006, with summarized information for the year ended June 30, 2005

In thousands

	Unrestricted	Temporarily Restricted	Permanently Restricted	2006	Summarized 2005
Support					
Public Support					
General purpose	\$ 63,299	\$ -	\$ -	\$ 63,299	\$ 63,535
Temporarily restricted	-	39,237	-	39,237	74,389
Addition to endowment	-	-	2,204	2,204	15
CARE International	137,603	-	-	137,603	119,649
Interest and dividends on restricted net assets	6,183	1,819	-	8,002	6,785
Net assets released from restrictions	37,345	-	-	37,345	21,991
Satisfaction of program restrictions	-	(37,345)	-	(37,345)	(21,991)
TOTAL PUBLIC SUPPORT	244,430	3,711	2,204	250,345	264,373
Government and other support					
U.S. government	298,028	-	-	298,028	266,662
Host governments	26,470	-	-	26,470	28,551
Others	71,783	-	-	71,783	57,923
TOTAL GOVERNMENT AND OTHER SUPPORT	396,281	-	-	396,281	353,136
Other Revenue					
Interest and dividends on unrestricted net assets	4,412	-	-	4,412	2,714
Rent and miscellaneous	4,443	-	-	4,443	4,133
TOTAL OTHER REVENUE	8,855	-	-	8,855	6,847
TOTAL OPERATING SUPPORT AND REVENUE	649,566	3,711	2,204	655,481	624,356
Expenses					
Program	589,604	-	-	589,604	513,924
Fund raising	24,022	-	-	24,022	23,716
Management and general	24,215	-	-	24,215	21,408
Public information	5,906	-	-	5,906	4,304
Grants to CARE International	1,876	-	-	1,876	1,584
TOTAL OPERATING EXPENSES	645,623	-	-	645,623	564,936
Operating Support and Revenue over Expenses	3,943	3,711	2,204	9,858	59,420
Other Non-operating Changes in Net Assets					
Minority interest in subsidiary (loss)/income	(605)	-	-	(605)	(273)
Foreign exchange gain	873	-	-	873	108
Interest and dividends on gift annuity investments	1,085	-	-	1,085	1,114
Actuarial gain/(loss) on annuity obligations	(1,342)	-	-	(1,342)	40
Actuarial gain on split interest agreements	25	(22)	-	3	56
Realized and unrealized gain on investments	(339)	1,795	-	1,456	3,657
Increase in value of trust held by third party	-	-	1,827	1,827	2,007
TOTAL CHANGES IN NET ASSETS	3,640	5,484	4,031	13,155	66,129
NET ASSETS, BEGINNING OF YEAR	79,899	110,160	124,055	314,114	247,985
NET ASSETS, END OF YEAR	\$ 83,539	\$ 115,644	\$ 128,086	\$ 327,269	\$ 314,114

Our auditors have expressed an unqualified opinion on our financial statements. These financial statements include associated notes that are essential to understanding the information presented herein. The full set of statements and notes is available at CARE USA's Web site, www.care.org, and a printed copy may be obtained from CARE USA.

Consolidated Financial Statements

CARE USA Consolidated Statements of Functional Expenses

For the year ended June 30, 2006, with summarized information for the year ended June 30, 2005

In thousands

	Program Activities			Fund Raising	Management and General	Public Information	CARE International	2006 Total	2005 Total
	Emergency	Rehabilitation	Development						
Personnel costs	\$ 24,696	\$ 10,459	\$ 106,503	\$ 7,454	\$ 14,079	\$ 3,145	\$ -	\$ 166,336	\$ 154,636
Professional services	2,139	1,143	16,726	2,270	2,065	702	-	25,045	24,220
Equipment	2,581	783	7,221	230	1,248	173	-	12,236	11,698
Materials and services	44,080	13,536	67,525	12,599	1,750	1,482	-	140,972	111,195
Travel and transportation	10,801	2,966	35,275	661	1,449	316	-	51,468	46,467
Occupancy	3,157	1,273	11,174	463	1,439	39	-	17,545	15,947
Financing/Depn/Misc.	458	443	24,979	293	2,031	15	-	28,219	23,928
Grants/Subgrants	27,310	10,311	79,445	-	-	9	1,570	118,645	100,021
AgCommodities/CIKs	18,957	2,879	62,784	52	154	25	306	85,157	76,824
Total Operating Expenses for 2006	\$ 134,179	\$ 43,793	\$ 411,632	\$ 24,022	\$ 24,215	\$ 5,906	\$ 1,876	\$ 645,623	
Total Operating Expenses for 2005	\$ 102,737	\$ 45,736	\$ 365,451	\$ 23,716	\$ 21,408	\$ 4,304	\$ 1,584		\$ 564,936

Our auditors have expressed an unqualified opinion on our financial statements. These financial statements include associated notes that are essential to understanding the information presented herein. The full set of statements and notes is available at CARE USA's Web site, www.care.org, and a printed copy may be obtained from CARE USA.

Consolidated Financial Statements

CARE USA Consolidated Statements of Cash Flows

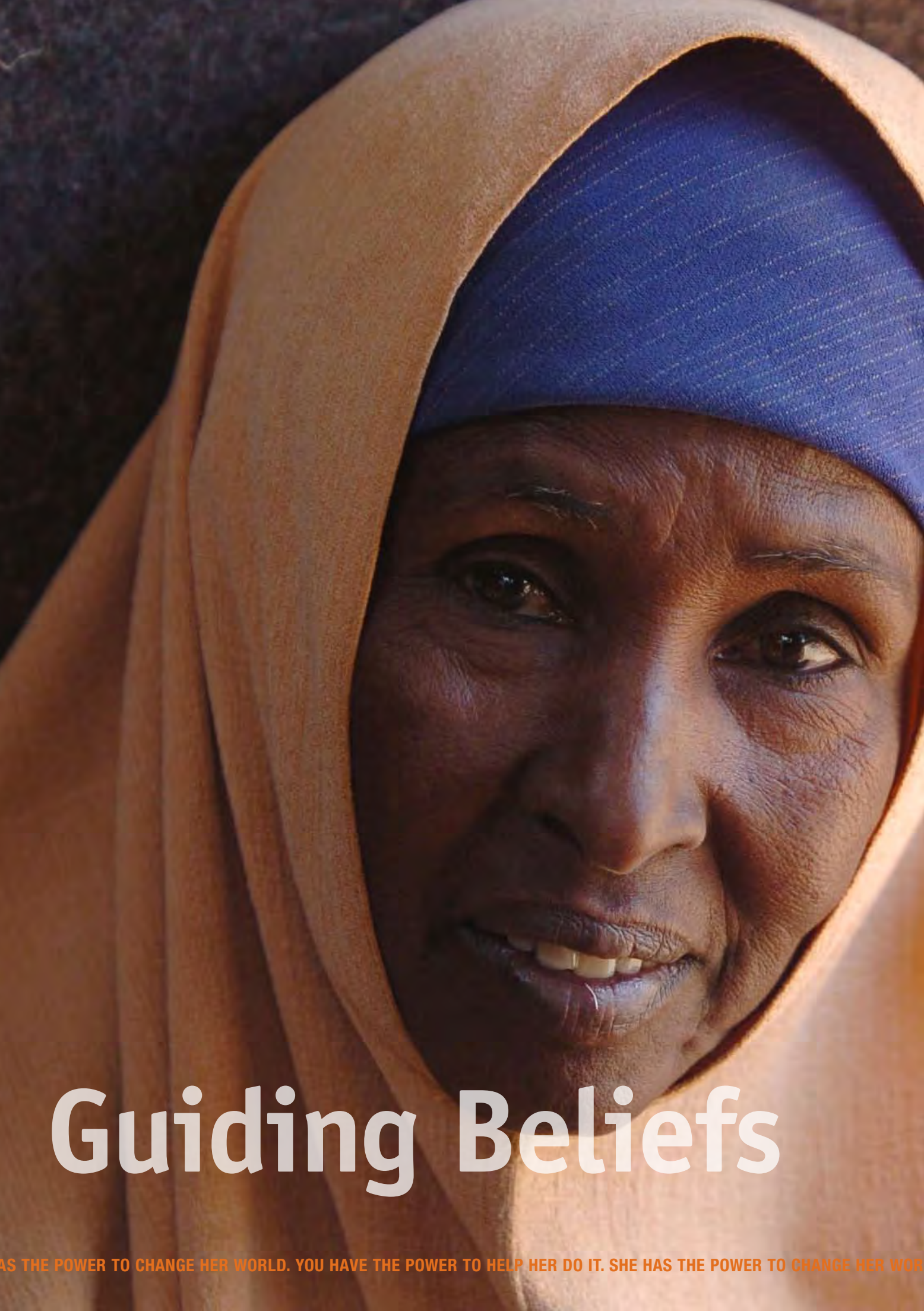
For the years ended June 30, 2006, and 2005

In thousands

	2006	2005
CASH FLOWS PROVIDED BY OPERATING ACTIVITIES:		
Changes in net assets	\$ 13,155	\$ 66,129
Adjustments to reconcile change in net assets to cash flows		
Depreciation and amortization	2,215	2,149
Contributions restricted for investment in endowment	(2,204)	(15)
Realized and unrealized gain on investments	(1,456)	(3,657)
Actuarial (gain)/loss on annuity obligations	1,342	(40)
Actuarial gain on split interest agreements	(3)	(56)
Increase in value of perpetual trust held by third party	(1,827)	(2,007)
Changes in assets and liabilities		
Increase in receivables	(17,287)	(5,542)
Increase in deposits and other assets	(5,664)	(9,573)
Increase in accounts payable and accrued expenses	16,026	2,776
Increase/(decrease) in program advances	11,398	(13,421)
Increase/(decrease) in benefits accrued for overseas national employees	1,252	(333)
Net cash and cash equivalents provided by operating activities	16,947	36,410
CASH FLOWS USED FOR INVESTING ACTIVITIES:		
Purchases of investments	(61,502)	(94,234)
Proceeds from sales of investments	58,103	64,978
Purchases of property and equipment	(594)	(568)
Sales of property and equipment	148	22
Net cash and cash equivalents used for investing activities	(3,845)	(29,802)
CASH FLOWS USED FOR FINANCING ACTIVITIES:		
Proceeds from contributions restricted for investment in endowment	2,204	15
Increase in subsidiary microcredit loans receivable	(15,615)	(12,574)
Proceeds from loans in subsidiary	15,820	26,917
Gross loans repayment in subsidiary	-	(10,702)
Increase/(decrease) in minority interest in subsidiary	103	866
Net decrease in annuities payable, split interest agreements	(1,754)	(1,274)
Net cash and cash equivalents used for financing activities	758	3,248
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	13,860	9,856
CASH AND CASH EQUIVALENTS, beginning of year	104,548	94,692
CASH AND CASH EQUIVALENTS, end of year	\$ 118,408	\$ 104,548
Noncash Contributions	\$ 9,194	\$ 6,313

Cash paid for interest in fiscal years ended June 30, 2006, and 2005, respectively, was \$3,962 and \$2,703.

Our auditors have expressed an unqualified opinion on our financial statements. These financial statements include associated notes that are essential to understanding the information presented herein. The full set of statements and notes is available at CARE USA's Web site, www.care.org, and a printed copy may be obtained from CARE USA.



Guiding Beliefs

AS THE POWER TO CHANGE HER WORLD. YOU HAVE THE POWER TO HELP HER DO IT. SHE HAS THE POWER TO CHANGE HER WORLD.

East and Central Africa:

- 1 *Burundi*
- 2 *Democratic Republic of Congo*
- 3 *Eritrea*
- 4 *Ethiopia*
- 5 *Kenya*
- 6 *Rwanda*
- 7 *Somalia*
- 8 *Sudan*
- 9 *Tanzania*
- 10 *Uganda*

Southern and West Africa

- 11 *Angola*
- 12 *Benin*
- 13 *Cameroon*
- 14 *Chad*
- 15 *Ghana*
- 16 *Ivory Coast*
- 17 *Lesotho*
- 18 *Madagascar*
- 19 *Malawi*
- 20 *Mali*
- 21 *Mozambique*
- 22 *Niger*
- 23 *Sierra Leone*
- 24 *South Africa*
- 25 *Togo*
- 26 *Zambia*
- 27 *Zimbabwe*

Asia

- 28 *Afghanistan*
- 29 *Bangladesh*
- 30 *Cambodia*
- 31 *East Timor*
- 32 *India*
- 33 *Indonesia*
- 34 *Laos*
- 35 *Myanmar*
- 36 *Nepal*
- 37 *Pakistan*
- 38 *Philippines*
- 39 *Sri Lanka*
- 40 *Tajikistan*
- 41 *Thailand***
- 42 *Vietnam*

Latin America and the Caribbean

- 43 *Bolivia*
- 44 *Brazil*
- 45 *Colombia*
- 46 *Cuba*
- 47 *Ecuador*
- 48 *El Salvador*
- 49 *Guatemala*
- 50 *Haiti*
- 51 *Honduras*
- 52 *Jamaica*
- 53 *Nicaragua*
- 54 *Peru*

Middle East and Europe

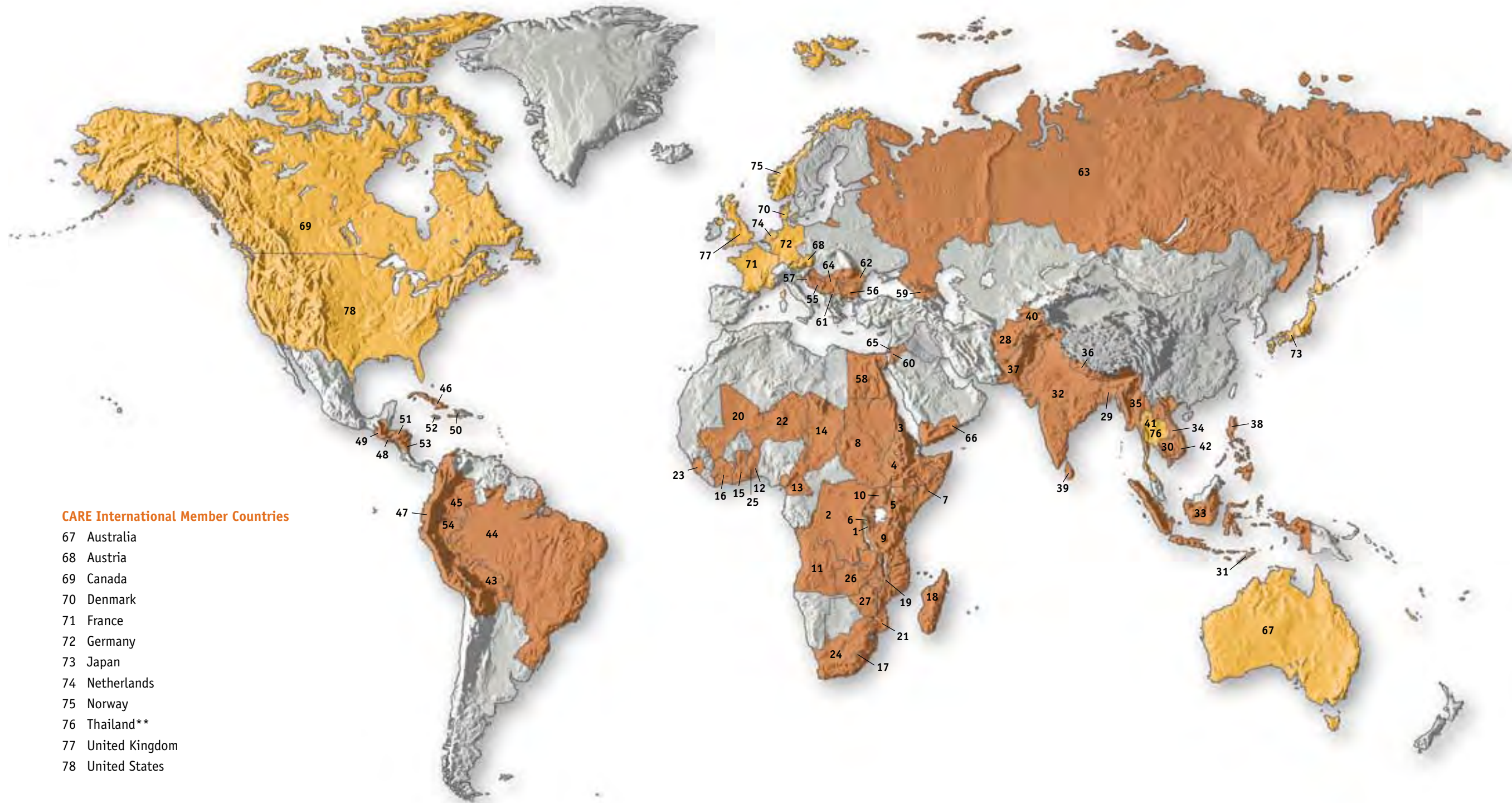
- 55 *Bosnia/Herzegovina*
- 56 *Bulgaria*
- 57 *Croatia*
- 58 *Egypt*
- 59 *Georgia*
- 60 *Jordan*
- 61 *Kosovo (UNMIK)**
- 62 *Romania*
- 63 *Russian Federation (North Caucasus)*
- 64 *Serbia/Montenegro*
- 65 *West Bank/Gaza*
- 66 *Yemen*

World of CARE

To coordinate operations, one member of CARE International is designated "lead member" for each country. CARE USA is lead member for countries printed in italics. CARE International jointly manages countries in the Middle East and Eastern Europe.



www.care.org



CARE International Member Countries

- 67 Australia
- 68 Austria
- 69 Canada
- 70 Denmark
- 71 France
- 72 Germany
- 73 Japan
- 74 Netherlands
- 75 Norway
- 76 Thailand**
- 77 United Kingdom
- 78 United States

- CARE International Member
- Countries with CARE Programming in FY06

*Under U.N. transitional administration

**Thailand is both a member of CARE International and a country with ongoing CARE programming.

Our Vision

We seek a world of hope, tolerance and social justice, where poverty has been overcome and people live in dignity and security. CARE International will be a global force and a partner of choice within a worldwide movement dedicated to ending poverty. We will be known everywhere for our unshakable commitment to the dignity of people.

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.

Programming Principles

- 1 Promote Empowerment
- 2 Work with Partners
- 3 Ensure Accountability and Promote Responsibility
- 4 Address Discrimination
- 5 Promote the Nonviolent Resolution of Conflicts
- 6 Seek Sustainable Results

Credits

Weyerhaeuser
Company Foundation



CARE's 2006 Annual Report is supported by a generous grant from the Weyerhaeuser Company Foundation. Weyerhaeuser and CARE are promoting sustainable forest management and environmental stewardship to improve the lives of people in developing countries for current and future generations. In the latest phase of this long-term partnership, Weyerhaeuser and CARE are preparing to invest in rural communities in Brazil to improve literacy, family income and conservation skills. This is one way Weyerhaeuser releases the potential in trees to solve important problems for people and the planet.



Hewlett-Packard

CARE gratefully acknowledges the support of Hewlett-Packard in obtaining beautiful, compelling images for this Annual Report (feature photos from Angola, India, Peru and Egypt) and future CARE publications. A number of the photos shown in this report were also part of an "I Am Powerful" exhibit sponsored by HP and developed to increase awareness of CARE.

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Fighting poverty.

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