

Letter from the President	1
Letter from the Chairman	3
Infectious Diseases	4
Women and Children's Health	8
Health Professional Education	12
Health Systems and Facilities	16
Humanitarian Assistance	20
Health Affairs	24
The Carter Hall Conference Center	25
Financial Summary	26

Cover: These Indonesian children welcome a team of Project HOPE volunteers to the village of Lamno. This village was hit particularly hard by the December 26, 2004, tsunami. Several times a week, a team of Project HOPE volunteers traveled to this coastal community bringing vital medical supplies as well as obstetric and gynecological support. The team trained local midwives and provided them with the medical instruments they need to provide skilled attendance during births.





The past year will be long remembered for having witnessed one of the greatest natural disasters in human history. For Project HOPE, however, the December 2004 tsunami became a story of unprecedented courage, commitment and compassion that proved more than equal to the adversity. It is an episode of unparalleled tragedy that became—through the efforts and support of many—an inspirational story of HOPE.

Compelling as it is, the tsunami's survivors and heroes represent just one aspect of a global story of HOPE. From the 12-year-old Indonesian boy who was rescued and saved by Project HOPE medical volunteers, to the Iraqi physician with an inspiring commitment to improve medical care for the children of his country, to the peer educator in Namibia who has learned and is now teaching HIV/AIDS prevention behaviors to others in her small community, these personal stories help to put a human face on our work...and demonstrate why we do what we do.

At Project HOPE, we recommit ourselves every year to positive and lasting change: to saving the lives of those in peril, improving the health of families and communities in need, and providing people

Project HOPE volunteers rushed to the aid of Indonesian children whose lives were threatened by the lack of health care after the December 26, 2004, tsunami devastated communities throughout South Asia.

with the tools they need to become long-term guardians of their own health. Our enduring commitment, in a phrase, is one of "HOPE for the Future."

We are proud of the accomplishments of our staff and volunteers around the world, but we know that everything is made possible by the compassion and caring of those who have generously supported our work for 47 years. And we are proud, as well, to be able to report that Project HOPE once again has successfully dedicated more than 90 percent of its contributions directly to its programs in the field—a sign of our continuing commitment to excellence and efficiency.

On behalf of those we serve, we thank you—our donors, volunteers and staff worldwide who, year after year, help Project HOPE improve health around the world. It is your support that creates HOPE for the Future.

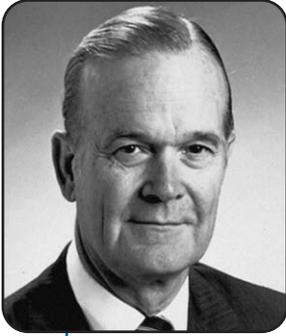
Sincerely yours,



John P. Howe III, M.D.
President and CEO



John P. Howe III, M.D.



Charles A. Sanders

The past year was a time of enormous challenge as Project HOPE worked to heal regions beset by natural disasters, restore communities torn by conflict, and aid countries ravaged by infectious diseases and overwhelming problems with maternal and child health. It's hard to imagine a time of greater need for access to basic health care, medicines and information on treatment, and prevention of disease.

The Project HOPE leadership believes that in these troubling times, our Foundation must respond to these needs by investing in the capabilities and hopes of communities throughout the world. Far from giving a handout, Project HOPE helps people help themselves by providing the tools they need to improve their own conditions and allow local health care providers to build their own capacity.

It has been inspiring to see the response from Project HOPE's supporters and partners who have given of their resources and their time to our programs around the world, from Indonesia to Iraq and from Malawi to Mexico. Through your compassion and generosity Project HOPE is making a difference in people's lives and its mission of improving human health wherever we go.

A handwritten signature in blue ink that reads "Charles A. Sanders". The signature is fluid and cursive, with a long, sweeping tail on the final letter.

Charles A. Sanders

Chairman

As Project HOPE works to improve health through education and humanitarian assistance, it remains committed to helping communities control infectious diseases, especially tuberculosis (TB) and HIV/AIDS. Project HOPE is working around the world to provide assistance to those affected, to train health care professionals in the diagnosis, care and treatment of these diseases, and to equip clinics in an effort to fight the spread of infectious diseases.

Judging from the smile on her face, you wouldn't know the challenges confronting Maria Hashipala and her small community in Namibia. Maria is a volunteer peer educator trained by Project HOPE along with a network of others to pass her knowledge of HIV/AIDS prevention onto family, friends and neighbors. With certificates in Home-Based Care for Families Affected by AIDS, and Psychosocial Support and Counseling, Maria works diligently to change the sexual behavior in her rural community while providing practical help to those already infected.

As a young woman, Maria experienced some difficulty when trying to convey her message throughout the community. "I find it harder to deal with older people," she says. "Some know more than me—for instance, teachers. Others lack information and don't want to believe, and I have to explain until they understand."

Maria's training by Project HOPE has brought her to the top of the peer educator ladder where she trains future trainers. The respect she has earned in her community is matched by her responsibilities. "People come to me at night, saying there is someone sick at home, can I bring my Home-Based Care Kit?" She cleans the sores resulting from HIV and teaches the family to care for the patient without infecting themselves. It's an opportunity to give information about the disease and to dispel some of the myths prevalent in rural areas, where information about AIDS was previously scarce.

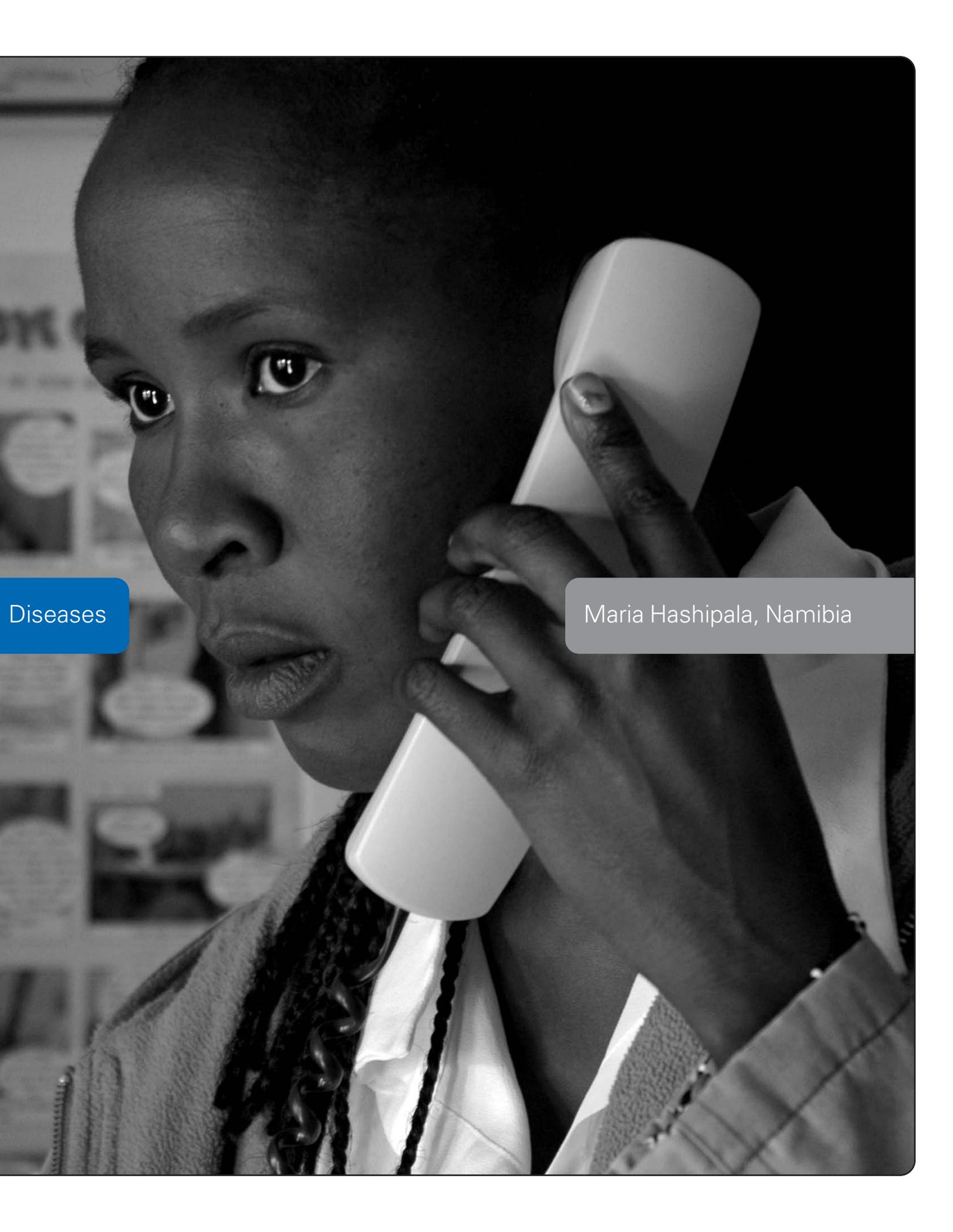
Maria encourages people to be tested for HIV and explains that people are stronger if they know their status. Those who are negative are relieved and feel a new resolve not to become infected. Those who test HIV positive can also become strengthened. Once someone knows he or she is infected, that

person can start to deal with the virus by eating healthy foods, taking medication and having a positive attitude. With anti-retroviral drug therapy now available in Oshakati, AIDS can be kept in check, which allows people to live normal lives again.

Success stories surround the HIV/AIDS support group that Maria assists, with six out of 40 members now on anti-retroviral treatment. Maria is sure that when people see others facing up to AIDS and recovering, they will regain their own sense of hope.

HOPE for the Future

Infectious



Diseases

Maria Hashipala, Namibia

Project HOPE's work in this area is in the following countries:

Malawi	Albania	Kazakhstan
Mozambique	Bosnia and Herzegovina	Kyrgyzstan
Namibia	Croatia	Russia
Dominican Republic	Kosovo	Tajikistan
Honduras	Macedonia	Turkmenistan
China	Montenegro	Ukraine
Thailand	Serbia	Uzbekistan

For more than a decade,

Project HOPE has dedicated itself to helping the former Soviet countries of central Asia fight TB. Project HOPE's approach integrates the World Health Organization's strategy known as DOTS (Directly Observed Therapy Short-course) into a comprehensive program of prevention, treatment and care. Project HOPE also helps to increase public and patient knowledge about TB, trains health staff, monitors and supervises treatment, and provides special approaches to high-risk populations. With this strategy, Project HOPE is able to work with local counterparts to effectively combat a major epidemic disease that has been inadequately diagnosed and ineffectively treated for years.

Project HOPE is also devoted to the millions of adults and children affected by HIV/AIDS. Each year, HIV/AIDS leaves more than 8 million children orphaned and vulnerable. Usually left in

the care of their immediate or extended families, these children depend greatly on the ability of their relatives to protect and care for them. These expanded households frequently experience destitution as they struggle to provide basic needs. Project HOPE is working to strengthen the ability of these families to provide appropriate care and support. Village Health Banks specifically comprised of households caring for orphans and vulnerable children have been established to provide increased family income and enhanced health knowledge and use of services.

Project HOPE also remains committed to alleviating the suffering of people in Honduras, where poverty and lack of health education compromise the country's battle against HIV/AIDS. The Home-Based and Volunteer Care program offers support to HIV-infected families through counseling, education and anti-retroviral adherence. A recent evaluation confirmed that home



Pictured here are three generations of a Namibian family. The benefits of Project HOPE's infectious disease education programs extend to members of every generation.

Project HOPE's commitment to improving the quality of life for those infected and affected by HIV/AIDS has resulted in the expansion of an HIV/AIDS in the Workplace pilot program from Malawi to employers and their employees in the northern regions of Namibia.

visits contribute to the improved health of people living with HIV/AIDS as they learn more about their condition, receive emotional support and access to health centers through referrals for clinical care and attention.

By addressing some of the world's most serious infectious diseases through education and humanitarian assistance, Project HOPE continues its commitment to providing sustainable improvement in health where it is needed most.



Project HOPE is responding to the HIV/AIDS pandemic by incorporating interventions and education into its existing projects and creating new programs and activities targeting AIDS-related illnesses.



In Egypt, Project HOPE is developing nursing education programs to increase the country's supply of nurses and improve the quality of nursing education.



Since its inception, Project HOPE has been dedicated to improving the lives of women and children around the world. From Guatemala to Kyrgyzstan, Project HOPE's programs for women and children address a wide range of need. Some programs train health care workers in local clinics; others teach mothers how to recognize, treat and prevent illnesses in their children.

Dilicia is like many women living in the poor village of El Nispero, Honduras. Although she worked tirelessly carrying on a community tradition of weaving, she was overlooked by commercial lending programs to help expand her business.

Despite the economic obstacles facing her, Dilicia was determined to continue the customs of her village. Dilicia joined Project HOPE's Village Health Banking program to purchase land and the needed supplies to carry on her craft.

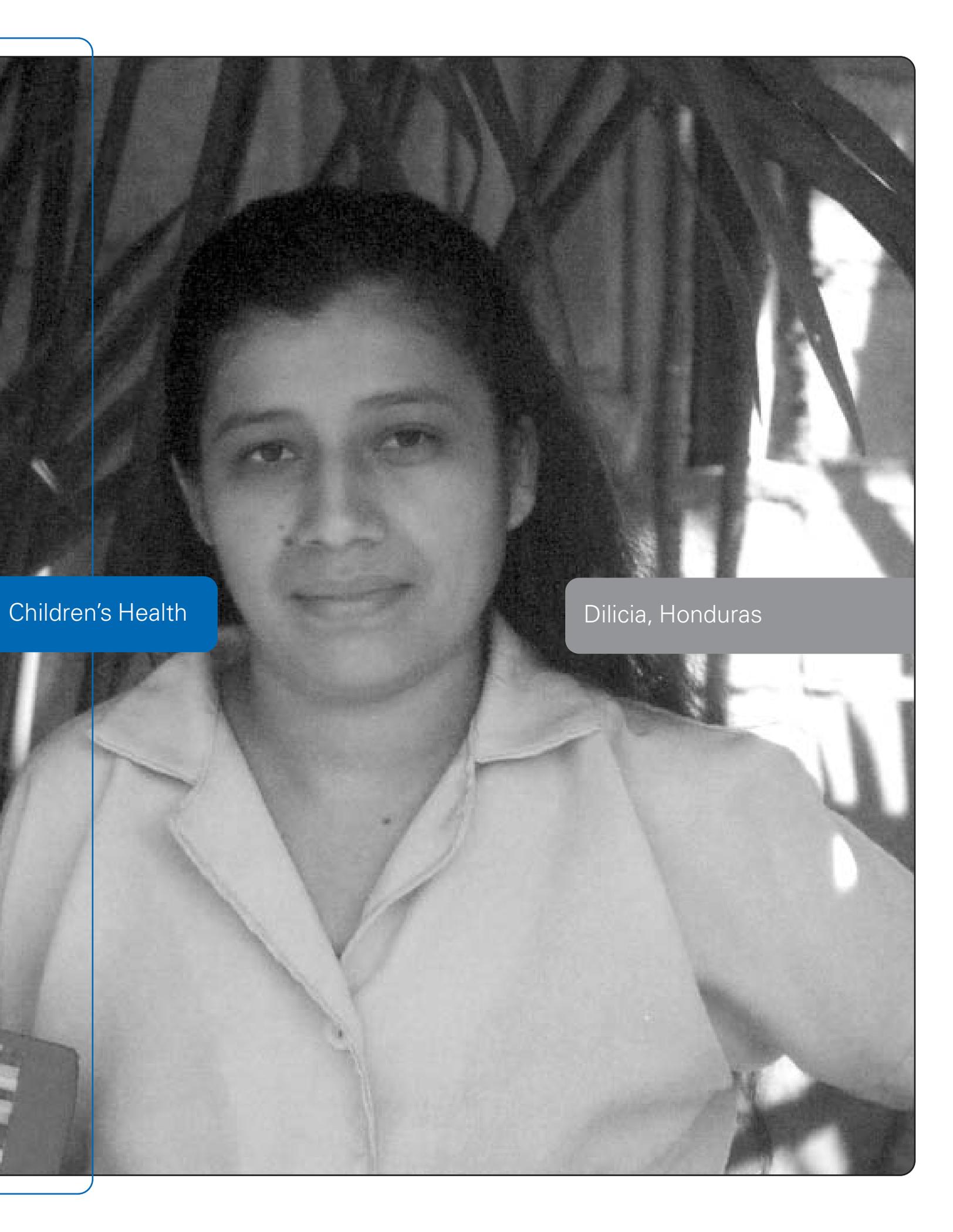
The innovative health and microcredit program offered Dilicia a small individual loan to enhance her business, raise her family out of poverty and increase her knowledge of essential family health issues.

Today, at age 29, Dilicia is a recognized leader in her community. She is sharing the art of weaving to ensure the tradition is passed from generation to generation and is an effective advocate for improved health practices.

HOPE for the Future

Women and





Children's Health

Dilicia, Honduras

Project HOPE's work in this area is in the following countries:

- | | |
|--------------------|--------------|
| Malawi | Indonesia |
| Mozambique | Thailand |
| Haiti | Kyrgyzstan |
| Dominican Republic | Tajikistan |
| Guatemala | Turkmenistan |
| Honduras | Uzbekistan |
| Nicaragua | |
| Peru | |

There are programs that teach health care workers to promote the health of women and children through therapeutic and preventive approaches. There are programs that support the hospitals and clinics where women and children get their health care. There are programs that are rebuilding communities devastated by natural disasters. There is even an innovative program that combines health education with microfinance lending—the Village Health Bank program.

More than 1,000 Village Health Banks have given hope to women in the Dominican Republic, Honduras, Guatemala, Peru, Malawi, Mozambique, and Thailand. By providing small loans for group members to invest in their own small business, promoting personal savings and, most importantly, educating women on the leading health issues that affect their families' lives and the health of their community, Project HOPE has aided

more than 60,000 women and their families, improving the participants' income and health status.

In Indonesia, Project HOPE has focused its attention on the Nagan Raya District of Aceh Province, where the December 2004 tsunami killed over 1,000 people and displaced almost 11,000. The displaced live in camps throughout the district and with relatives or friends in the general community. Four health centers and 19 village health posts were also damaged, leaving the area with little hope of recovery. Project HOPE has initiated the training and support of community health workers, community midwives, and health facility staff to improve the quality, utilization, effectiveness, and coverage of health services in the area.

In Jalalabat Oblast, Kyrgyzstan, Project HOPE has initiated an integrated child health program that is promoting the benefits of exclusive breastfeeding for children in an area with 70 years of

Courtesy U.S. Department of the Navy, Naval Medical Center, San Diego



With the stabilization of the emergency medical needs following the tsunami in Indonesia, Project HOPE is turning its attention to addressing the long-term health needs of children like this Acehese girl.



institutionalized bad habits concerning infant feeding. In less than a year, the project stimulated women to become enthusiastic outreach volunteers, hospitals became baby-friendly certified by UNICEF and the project doubled the rate of babies ages 6-9 months who were exclusively breastfed, thanks to sustained efforts and a genuine change in attitudes and practices.

Thanks to Project HOPE's Child Survival program these Guatemalan children have access to essential health care services on the coffee plantation. Project HOPE's employer-based health education programs reach more than 100,000 migrant workers and their families.

Project HOPE's Maternal and Child Health programs, including this one in Uzbekistan, seek to reduce infant mortality rates.



Throughout Russia and Central Asia, Project HOPE is developing long-term health training programs to improve the local infrastructure and capacity for health care services and delivery.



In Mozambique, Project HOPE strengthens community health activities with outreach services targeting children and women of reproductive age.



Sustainable improvement in health means enabling communities around the world to provide health care for their own people, over the long term. Some of Project HOPE's most notable achievements are in the area of health and medical training and education.

Thousands of children were waiting for open heart surgery when Dr. Richard A. Jonas launched a pediatric cardiovascular surgery training program for Chinese physicians, organized and sponsored by Project HOPE.

It was 1986 and relatively few Chinese surgeons were qualified for such procedures. Problems with power outages also made it difficult to control temperatures and maintain sterile conditions in the operating room, further complicating an already delicate procedure. Thus, in the world's most populated country, only 100 to 200 children per year underwent this life-or-death surgery.

Dr. Jonas and a team of his colleagues showed their counterparts at the Xin Hua Hospital in Shanghai the basics of building a pediatric cardiovascular surgery program, while training cardiologists, surgeons, intensive care nurses, anesthesiologists and technicians.

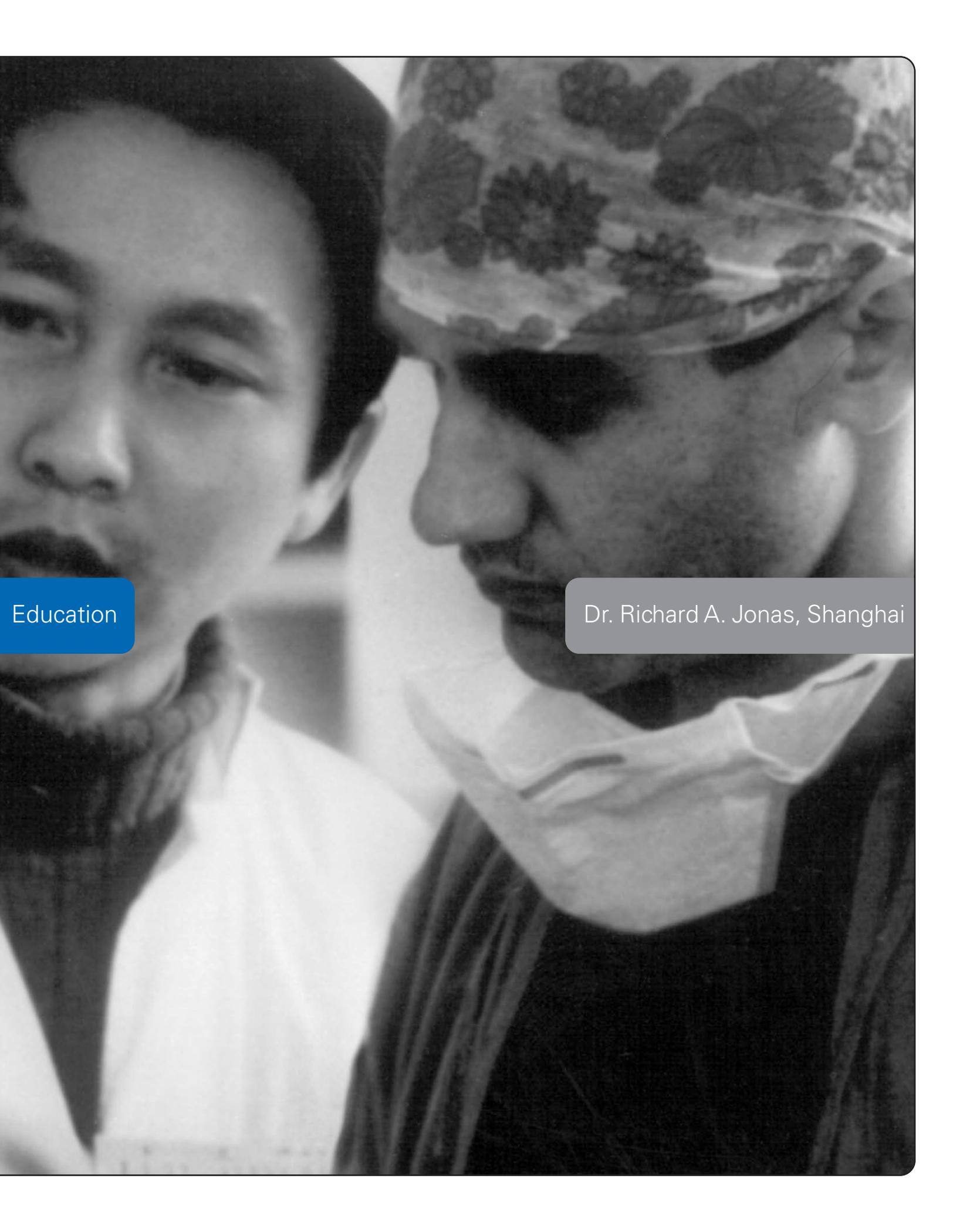
Thanks to Dr. Jonas' training efforts, these HOPE-trained Chinese medical professionals were able to perform pediatric cardiovascular surgeries at Shanghai Children's Medical Center (SCMC) in time for the opening of the hospital in 1998.

The years of training have paid off. Today, SCMC is one of the leading children's hospitals in the world. This hospital now treats 250,000 children every year and performs 1,600 pediatric cardiovascular surgeries annually.

HOPE for the Future

Health Professional





Education

Dr. Richard A. Jonas, Shanghai

Project HOPE's work in this area is in the following countries:

Mexico	Hungary
China	Latvia
Jordan	Lithuania
Thailand	Egypt
Bosnia and Herzegovina	Namibia
	Poland
Czech Republic	
Estonia	

Over the years, Project HOPE has trained health care providers in more than 80 countries around the world. Project HOPE's methodology of "train-the-trainer" maximizes the number of health workers in each country who receive modern training.

In central Europe, Project HOPE has helped close the knowledge and technology gap through a variety of programs to improve health services and address many of the most pressing medical needs. These programs are creating professional health care leaders who will direct their countries' health care reform.

In China, Project HOPE is collaborating with Wuhan University in China to upgrade nursing education and enhance the service of its facilities. The Wuhan University HOPE School of Nursing officially opened in 2004. Working together, Project

HOPE and Wuhan University are now upgrading the nursing curricula, improving the quality of nursing instructors and improving teaching and learning resources. Project HOPE is also helping to upgrade laboratory facilities by providing state-of-the-art equipment, including hands-on models, instruments, and media teaching equipment.

In Egypt, Project HOPE supports the National Training Institute in Cairo. By providing Egyptian health care professionals with the most advanced training, Project HOPE is expanding the range of services these workers can provide. In January, Project HOPE sponsored a program called "Women's Health—Obstetric Issues," conducted by four visiting professors from the University of Pennsylvania. This program was the first in a three-part series on women's health and was attended by participants from 12 governorates throughout Egypt.



In Mexico, Project HOPE supports a program to improve diabetes education, diagnosis and care.



Built by the Egyptian Ministry of Health, the National Training Institute offers state-of-the-art medical training programs in an optimal learning facility.

Each year, hundreds of nurses in China participate in a wide range of health and medical education programs.



Through the Project HOPE-supported National Training Institute, health professionals and managers receive innovative community education programs.



In working to achieve sustainable improvements in health around the world, Project HOPE focuses on the needs of health and medical facilities where care and treatment is provided.

Iraqi physician Dr. Ahmed Ibrahim has struggled through endless obstacles to maintain health care for the people of southern Iraq. This region of Iraq, heavily populated by Muslim Shiia, was neglected and persecuted by the former regime. This resulted in widescale health system abuse, the withholding of medical supplies and equipment, and the decline of Iraq's health infrastructure to the level of a developing country.

Iraq's long history is burdened with devastating genocide and destructive tyrannies. The health care system of the nation has undergone immense strain; however, its people and health care providers have demonstrated great resilience, continually working to recover one patient, one clinic, one hospital at a time.

Dr. Ibrahim, educated in Baghdad's Medical University, demonstrated such tenacity. During the

recent war, Dr. Ibrahim maintained his position in the Basrah Hospital, caring for fellow Iraqi families. Through the ensuing national looting of public and private sector hospitals and clinics, he came to work while others stayed home to protect their families and property. Despite his facility suffering three insurgent explosions, his personal car being destroyed by gunfire, his life threatened for working with U.S. Coalition members, and routine loss of power, air conditioning, lights, water, sewage systems, supplies and equipment, Dr. Ibrahim never wavered from his professional ethics and loyalty to his patients. He not only provided the Iraqi people with much needed health care, he gave them hope and faith in their future.

Dr. Ibrahim emerged safely from the aftermath of the war and will be key among a staff of Iraqi physicians and nurses soon to be working in the new Basrah Children's

Hospital (BCH). The BCH medical staff will receive updated clinical training, access to state-of-the-art equipment and training in modern health system management. For the first time in three decades, Iraq's health care needs are being addressed, and its delivery system is being improved. Thanks to the dedication of health care providers such as Dr. Ibrahim, the children of Iraq will have a brighter future.

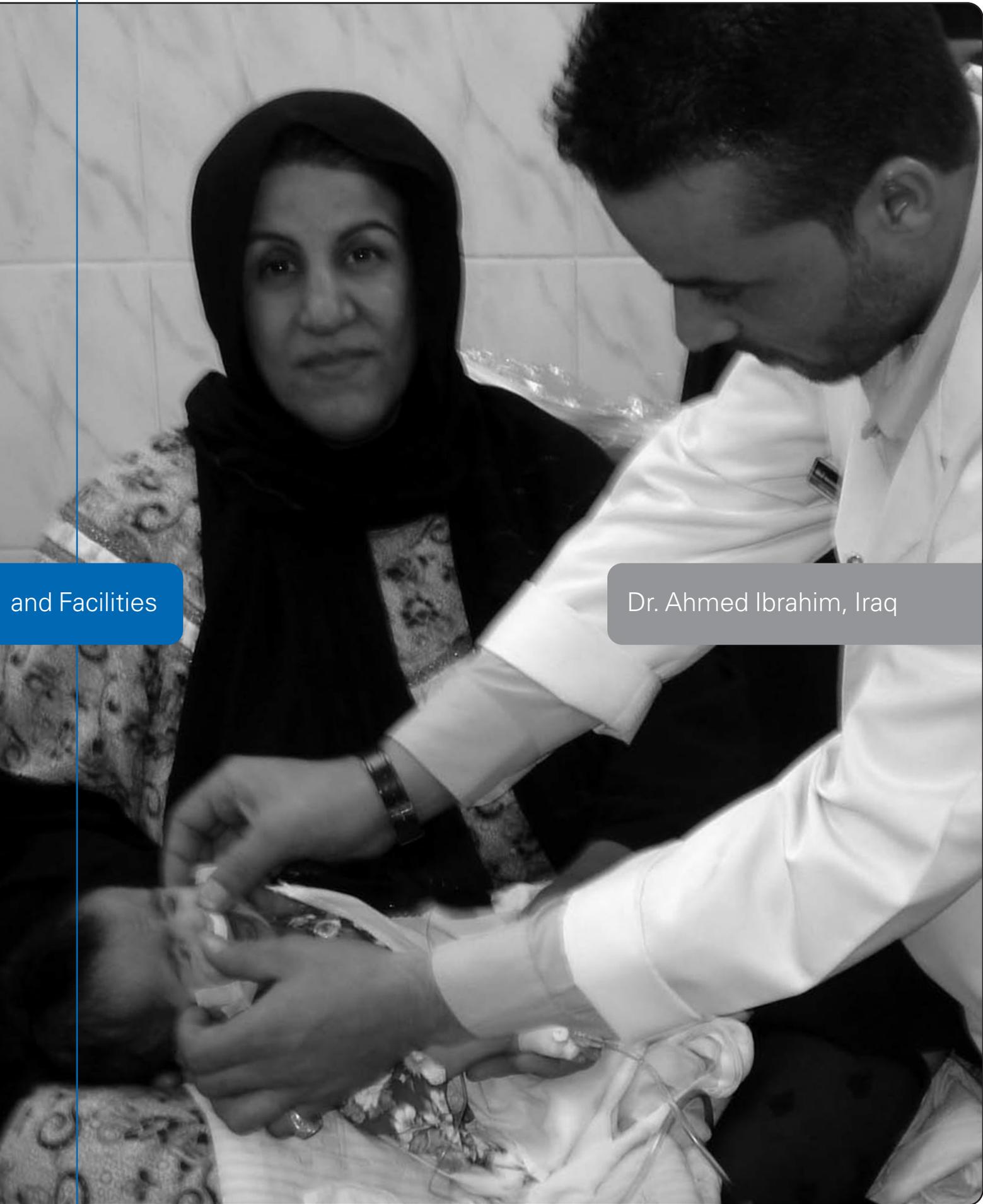
HOPE for the Future

Health Systems



and Facilities

Dr. Ahmed Ibrahim, Iraq



Project HOPE's work in this area is in the following countries:

Mozambique
Dominican
Republic
China
Macedonia
Egypt
Iraq

Project HOPE is part of a public-private partnership committed to a new and desperately needed children's hospital in southern Iraq. The Basrah Children's Hospital (BCH) will provide critical children's health services not currently available in Iraq, and by the time construction is completed, Project HOPE will have trained the first tier of health professionals with a special focus on children with cancer. Project HOPE is also working to secure medical equipment for the hospital's operations.

In the Dominican Republic, Project HOPE is conducting a variety of programs including HIV/AIDS education, Village Health

Banks, and technical and management assistance to two clinics in Santo Domingo and Monte Plata. These clinics continue to grow and expand their ability to provide services to women and children in the medically underserved areas.

In Africa, Project HOPE's Rapid Response System in Mozambique is providing reliable, two-way radio communication between remote health posts, ambulances, hospitals and district and provincial health staff to help manage emergencies and natural disasters and to facilitate distance learning. Reports from the districts suggest numerous lives have been saved because of the Rapid Response System.



In Uzbekistan, Project HOPE is operating a mother and child health program to improve essential medical services.



The Shanghai Children's Medical Center treats more than 250,000 children per year, and its training and research programs will profoundly impact pediatric medical practices throughout China.

A Basrahn mother sits with her sick child in a hospital in Basrah, Iraq. In September 2006, the new Basrah Children's Hospital will bring modern health care to the war-torn country.



The disintegrated health care system in Iraq has left children like this young girl without access to appropriate medical care. Project HOPE is partnering to build a modern children's hospital in the southern city of Basrah.



In addition to long-term programs around the world, Project HOPE remains dedicated to providing health-related humanitarian assistance to areas of great need. For nearly 50 years, Project HOPE has been delivering donated medicines, medical supplies and equipment to some of the world's most impoverished communities. This distribution system is vital to the health of millions.

Twelve-year-old Iqbal was among one of the most memorable guests of the USNS Mercy. He was found floating at sea on debris two days after the tsunami.

When Iqbal first arrived on the hospital ship, he was suffering from what the physicians on the ship were calling "tsunami lung," which is severe aspiration pneumonia caused by inhaling a great deal of the tsunami seawater and mud. Under constant care of Project HOPE volunteer physicians and other dedicated nursing and support staff, Iqbal spent his first week and a half on the Mercy supported by a respirator. Gradually he began breathing on his own. Soon after, he began walking and proceeded to have a smooth recovery, eventually returning to Banda Aceh with his uncle.

The young boy's courage and strength was a testament to the human will to live. Despite his loss, Iqbal remained optimistic and thankful for the help he was receiving. With his uncle by his side, Iqbal left the Mercy with a promising outlook on life, assured that even the most devastating circumstances can be overcome through the power of hope.

HOPE for the Future Humanitarian





Assistance

Iqbal, Banda Aceh

Project HOPE's work in this area is in the following countries:

- | | |
|--------------------|------------|
| Dominican Republic | China |
| Guatemala | Egypt |
| Honduras | Tajikistan |
| Nicaragua | Indonesia |
| Uzbekistan | Grenada |
| Russia | |
| Kyrgyzstan | |
| Haiti | |

In an unprecedented collaboration with the U.S. Navy, Project HOPE, volunteers from 37 states provided desperately needed health care in the aftermath of the December 26, 2004, tsunami from a platform aboard the USNS Mercy hospital ship. From February to May 2005, the Project HOPE volunteers conducted 49,384 outpatient visits, 47,479 ancillary services, 466 surgeries, and admitted 487 inpatients. Project HOPE has now turned its attention to helping meet the rebuilding and retraining needs in Indonesia and Thailand.

The health care system in Tajikistan continues to be a focus of Project HOPE's assistance programs. As one of the poorest republics of the former Soviet Union, Tajikistan simply does not have the resources to address all the health care needs of its people. Project HOPE continues to airlift millions of dollars in pharmaceuticals and medical supplies, distributing these donations among 13 key hospitals.

In Uzbekistan, Project HOPE has provided donated medical assistance in support of the Healthy Family project. In addition to supplying vital medicines and basic medical supplies, Project HOPE offers training that focuses on the correct and safe use of donated materials.

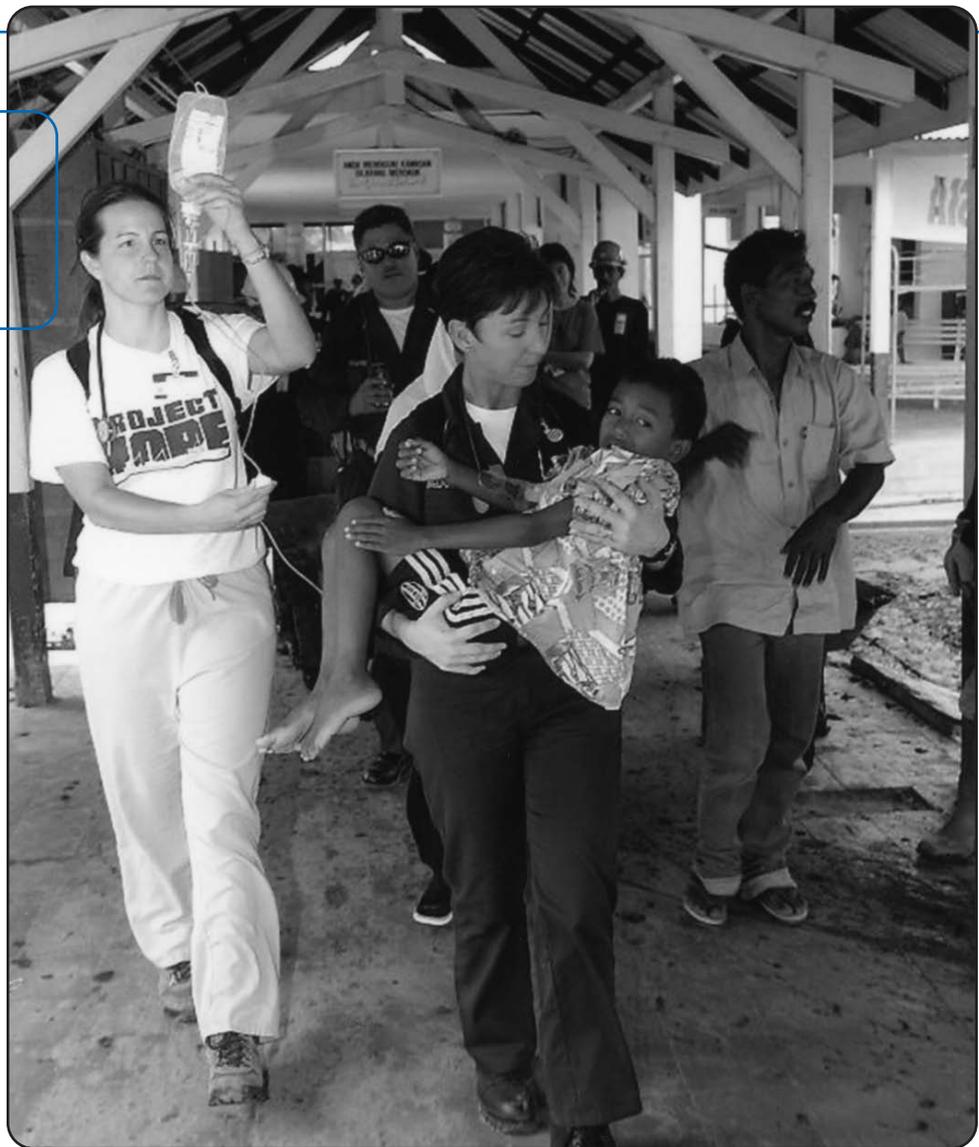
Project HOPE also provides humanitarian assistance in the Americas. In Nicaragua, donated medicines and medical supplies have been distributed to 32 hospitals where supplies were deficient. To help meet the needs identified following Hurricane Ivan, Project HOPE is coordinating donations of the Hepatitis B vaccine to inoculate all health workers in Grenada, and donations of Hepatitis A vaccine for food handlers on the island.

By assisting communities following disasters and providing health care workers with the medicines and supplies they need to do their jobs, Project HOPE continues its longstanding tradition of helping people help themselves.



A small part of the \$1.5 million shipment of vital medicines and medical supplies airlifted to Indonesia following the December 26, 2004, tsunami is inventoried. The medical aid was donated by many generous pharmaceutical and medical supply companies.

The first of 487 inpatients is brought aboard the USNS Mercy. Project HOPE volunteers working ashore and aboard this floating hospital treated thousands of tsunami survivors.



After spending time on the USNS Mercy, Project HOPE President and CEO Dr. John P. Howe's first stop was the University Hospital where he toured the pediatric ward and was able to care for a few patients.



Grenadians receive a portion of a humanitarian assistance shipment following the devastation of Hurricane Ivan.

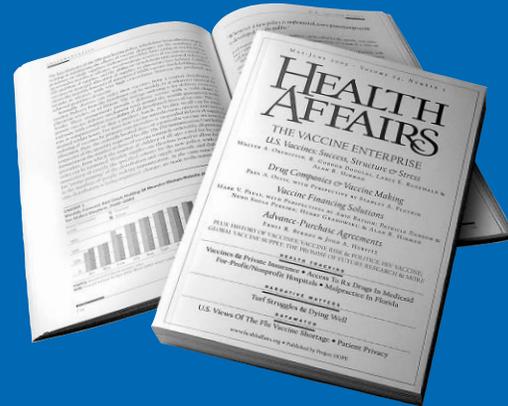


Because of medical treatment only available on the USNS Mercy, this Indonesian boy survived an attack of severe respiratory distress.



One of the most visible aspects of Project HOPE's commitment to improving education around the world is its health policy journal *Health Affairs*. With hundreds of thousands of online readers, the journal has expanded its educational mission far beyond its 11,000 print subscribers to a global health care readership. In fiscal year 2005, *Health Affairs* attracted over 8 million page views and over 28 million hits to its Web site, www.healthaffairs.org. Many of these new online readers are from countries seeking to improve their health care systems—Indonesia, India, Taiwan, and over 140 more.

As the leading journal in its field, *Health Affairs* is ranked #1 in ISI Journal Citation impact factor. In January 2005, *The Washington Post* referred to *Health Affairs* as "the bible of health policy." *Health Affairs* is regularly cited by major national media, garnering monthly press mentions in each of the following: *The Wall Street Journal*, *New York Times*, *Washington Post*, and NPR. In June 2005, *USA Today* featured a paper from *Health Affairs* on rising health insurance spending for obesity as its page-one lead story.

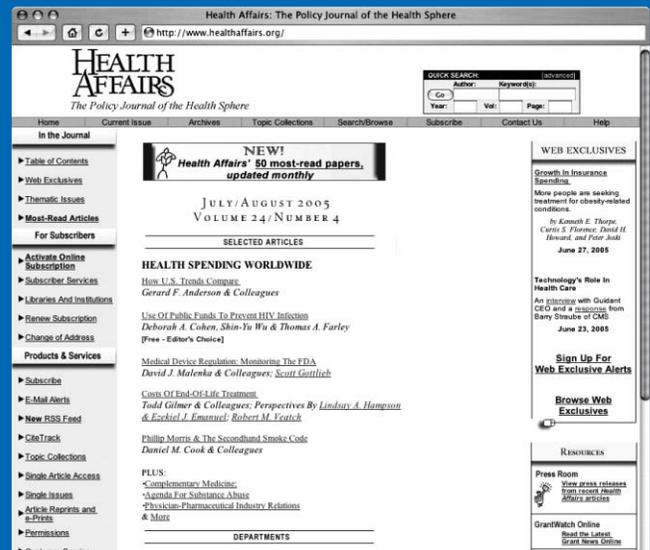


Highlights of FY2004

In December 2004, *Health Affairs* received a major five-year grant of \$2.95 million from the Bill and Melinda Gates Foundation to expand its focus on global health policy.

Thematic issues of the journal were published on:

- Child Health
- Future of Insurance
- Evidence-Based Medicine
- Racial and Ethnic Disparities
- Vaccines



Web Exclusives (online-only papers) grew to 30% of total journal content. *Health Affairs* published its first online-only theme issue on Variations in Medical Practice.

Legislative impact continued to grow. *Health Affairs* papers were cited monthly in Congressional deliberations, in testimony, and in press releases issued by members of Congress on both sides of the aisle, including Sen. Bill Frist (R-TN), Sen. Tom Harkin (D-IA), Rep. Charles Grassley (R-IA) and Rep. Pete Stark (D-CA), among others.

Through its retreat and professional business center, the Carter Hall Conference Center, Project HOPE reaches a broader audience to support the foundation's global health education and humanitarian assistance programs.

This year non-profit organizations, corporations and government agencies sharing in Project HOPE's mission, including Save the Children, Fight Crime: Invest in Kids, the Food and Drug Administration, and Wuhan University, joined together on the grounds of the Carter Hall Conference Center to provide business leaders an opportunity for creative inspiration in an historic setting.

Project HOPE's own Fall Leadership Conference also convenes each September at the conference facility. The two-week workshop is designed to further the mission of creating sustainable advances in health care programs in developing countries by creating opportunities for Project HOPE staff from around the world to network with their colleagues to discuss best practices and innovation in health care program administration.

Many conference guests who did not know of Project HOPE upon their arrival walk away with a new interest in the foundation's mission—as well as an appreciation of our stewardship of

the historic Virginia property. The site of Carter Hall was at the heart of an 8,000-acre estate when construction began on the manor house in 1792. In 1977, Project HOPE was able to acquire the property because of the generosity of long-time supporters. Today, the house is a national historic site. The Carter Hall Conference Center, now the centerpiece of a 212-acre property, offers small to mid-size groups a unique venue and unforgettable ambience for meetings and retreats. In addition to other notable attributes of the Center, visitors appreciate the capable staff, who are dedicated to personalized attention and excellence in customer service.

The Center has been the beneficiary of gifts-in-kind from organizations committed to the mission of Project HOPE and the efforts of the Conference Center. Serta International donated new mattresses and StandardTextile Company contributed new linens to the Center, helping to make the facility more comfortable than ever. A good night's sleep in the new Serta double beds with fine StandardTextile linens, in the charming atmosphere of 18th century history, surrounded by a top notch hospitality team makes for memorable and productive meetings for guests of the Center.

The Carter Hall Conference Center in Millwood, Virginia, is a treasured, historic landmark of 18th century America. The center consists of a manor home built in 1792 and its dependencies.



For the years ended June 30, 2005 and 2004

Project HOPE—The People-To-People Health Foundation, Inc.

Revenue and Support	2005 <i>(in thousands)</i>	2004 <i>(in thousands)</i>
Individual giving	17,646	11,663
Foundations and corporations	15,799	8,374
Corporate gift-in-kind	92,758	81,786
Governments	15,011	14,369
Subscription revenue	1,497	1,317
Other revenue	1,881	1,515
Total revenue and support	144,592	119,024

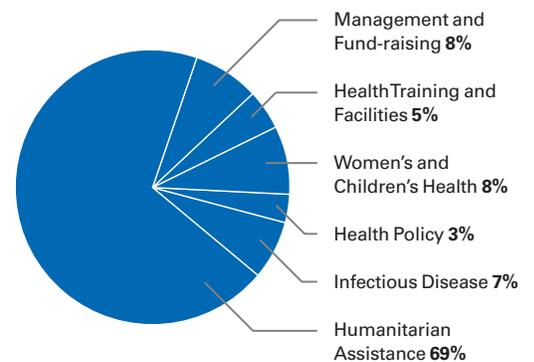
Expenses and Changes in Net Assets

Programs services		
Health education and assistance programs	122,444	115,365
Health policy programs	4,334	4,998
Total program services	126,778	120,363
Supporting services		
Fund-raising	5,985	4,930
Management and general	4,589	4,151
Total supporting services	10,574	9,081
Total expenses	137,352	129,444
Changes in net assets from operations	7,240	(10,420)

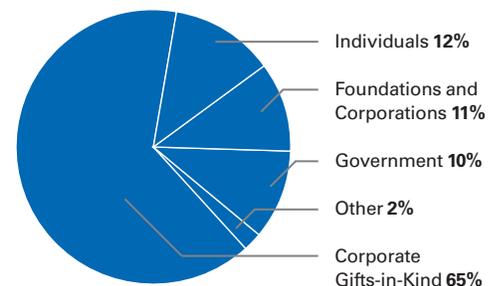
Nonoperating changes in net assets

Net gain (loss) on investments	806	718
Transition of Center for <i>Health Affairs</i>		(1,010)
Change in net assets	8,046	(10,712)
Net assets, beginning of fiscal year	36,333	47,045
Net assets, end of fiscal year	44,379	36,333

FY 2005 Expenses



FY 2005 Revenues



Project HOPE's complete audited financial statements with an unqualified opinion by KPMG LLP are available on request.

Project HOPE is grateful to its donors for making this year so successful and allowing us to continue to provide health education and humanitarian assistance where it is needed most. Overall support increased significantly, which is attributed to a growth in individual, corporate and foundation gifts while maintaining a strong government portfolio. These gifts totaled over \$144 million in cash contributions, donated medicines and medical supplies, and volunteer support. Program expenditures increased 5 percent in fiscal year 2005.

Project HOPE has remained vigilant in our commitment to spend resources on program work by maintaining our historic practice of dedicating more than 90 percent of every dollar to program activities. This year, Project HOPE is pleased to report that over 92 percent of total expenses went directly to our health education, humanitarian assistance and health policy efforts.

We understand that financial stewardship is critically important to our donors. Project HOPE's management prepared and is responsible for the integrity of the financial statements as well as all other financial information presented in this report.

In meeting this responsibility, Project HOPE's management maintains a comprehensive internal control framework. This framework is designed to protect the foundation's assets and to compile reliable information for the preparation of Project HOPE's financial statements in accordance with generally accepted accounting principles. Management asserts, to the best of its knowledge and belief, that the financial report is complete and reliable in all material respects.

The financial statements have been audited by KPMG LLP, independent public accountants. Highlights of the audited financial statements are presented on the following page. To receive a copy of the full report, please contact Project HOPE's Finance Department at (800) 544-HOPE (4673).



Deborah R. Iwig
Vice President and Chief Financial Officer

The Audit Committee of the Board of Directors for Project HOPE is composed of eight independent members. No members of the Committee are officers or employees of Project HOPE.

The Committee has met and held discussions with Project HOPE's management, internal auditor and independent auditors to review matters pertaining to the quality of financial reporting and internal control processes and the nature, extent and results of their work.

The Committee has also met independently with the auditing firm KPMG LLP, without the presence of management. During this meeting, the Committee discussed the audit of the financial statements and its auditing and financial reporting procedures. Project HOPE's internal auditor and independent auditors have unrestricted access to the Committee.



Stephen H. Ruskowski
Chairman

Our donors know they are making a sound investment in improved human health and dignity because Project HOPE is recognized as one of the world's best-managed and most efficient non-profit organizations. Private sector support is fundamental in enabling us to maintain the high quality of services and expertise required to improve the quality of people's lives around the world. Donations may be designated for use in specific programs or geographic areas.

Gifts by Bequest

A bequest enables a donor to make a significant contribution to Project HOPE while reducing estate taxes. To include a bequest to Project HOPE in your will, we suggest this simple statement:

I give, devise and bequeath to Project HOPE - People-to-People Health Foundation, Inc. (commonly known as Project HOPE), at Millwood, Virginia 22646, the sum of ____ dollars (or ____% of my residual estate, otherwise describe the gift) for the general purposes and uses of the Foundation at the discretion of the Board of Directors.

Matching Gifts

Many companies match donations made by employees and their spouses, and with retirees. Please check with your human resources office.

Planned Gifts

Other creative planned giving opportunities can be in the form of a charitable gift annuity, charitable remainder trust or lead trust, pooled income fund, or by the transfer of appreciated securities or real estate, personal residence or farm, or life insurance policies. Project HOPE's Gift Planning Office can provide additional information or assistance with any of these gift opportunities.

Foundation and Corporate Support

Corporations provide support through a number of vehicles. In addition to contributions of cash for general operating purposes and for specific programs, companies donate pharmaceuticals, medical supplies, equipment, information systems and building materials, which support HOPE's international programs and humanitarian relief efforts.

Project HOPE also receives cash support from private and family foundations that share its mission of helping people help themselves. For more information about how you can support Project HOPE's work around the world, visit us at www.projecthope.org or call 1-800-544-HOPE (4673) or, if you prefer, write in care of Project HOPE, Millwood, Virginia 22646-0250, Attention: Anthony T. Burchard, Vice President, Development and Communications.

Foundation and Corporate Support

3M

3M Foundation

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Project HOPE has established a Legacy of HOPE Society to honor individuals who have remembered Project HOPE in their estate plans or have established life income arrangements for Project HOPE. If you have already remembered Project HOPE in your estate plans, please contact Beverly Schreck at 1-800-544-HOPE (4673) and let her know so that we can thank you appropriately for such a meaningful commitment and welcome you into the Legacy of HOPE Society.

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- 5 Grenada
- 6 Guatemala
- 7 Haiti
- 8 Honduras
- 9 Mexico
- 10 Nicaragua
- 11 Peru
- 12 U.S.

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- 13 China
- 14 Egypt
- 15 Indonesia
- 16 Jordan
- 17 Thailand

Central and Eastern Europe

- 18 Albania
- 19 Bosnia and Herzegovina
- 20 Croatia
- 21 Czech Republic
- 22 Estonia
- 23 Hungary
- 24 Kosovo
- 25 Latvia
- 26 Lithuania
- 27 Macedonia
- 28 Poland
- 29 Serbia and Montenegro

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- 30 Kazakhstan
- 31 Kyrgyzstan
- 32 Russia
- 33 Tajikistan
- 34 Turkmenistan
- 35 Ukraine
- 36 Uzbekistan



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**PROJECT
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