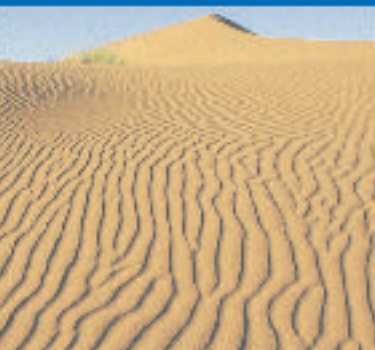


**PROJECT
HOPE**
FOUNDED IN 1958

The World Sees
HOPE

ANNUAL REPORT 2004



A Message from the Chairman and President / Chief Executive Officer

As we reflect on 2004, we see a world filled with problems but also filled with opportunity and promise. In responding to these challenging times, Project HOPE has done what it has always done and truly made a difference. In countries where healthcare is merely a distant hope, we broadened our reach, strengthened our existing health education and humanitarian assistance programs and developed new ways of reaching some of the world's most vulnerable people. HOPE has never been as important as it is now in reaching out, improving lives, and helping people help themselves.

The efforts and achievements detailed in this report are a credit to our contributors, volunteers, staff, national organizations and Board of Directors. It reflects a shared commitment to support Project HOPE's core values: integrity, excellence, respect and compassion. We are also proud of our efficiency during this fiscal year. For the sixteenth consecutive year, we are pleased to report that more than 90 percent of contributions were spent on programs in the field.

For Project HOPE, this has been a year of creating lasting solutions by identifying and addressing some of the world's most challenging problems in healthcare. With your support this year, Project HOPE has:

- Initiated HIV/AIDS programs in some of the most impacted countries in Central and Eastern Europe,
- Helped thousands of community volunteers in Nicaragua to protect their communities from preventable illnesses,
- Worked to advance the nursing education system in China, a country facing an exploding need for trained health professionals,

The World Sees HOPE

- Joined a public-private partnership to develop the Basrah Children's Hospital – our commitment to bring desperately needed healthcare to the children of Iraq,
- Delivered millions of dollars worth of life-saving medicines to Tajikistan, one of the poorest former Soviet Republics, and
- Advanced the public policy discussion both in the U.S. and abroad through our peer-reviewed health policy journal, *Health Affairs*, the leading journal in its field.

These are but a few of the many programs HOPE carries out in more than 30 countries around the world. And we continue to look ahead. Project HOPE's journey will continue at a rapid yet deliberate pace. Our mission today is stronger than ever and we remain committed to creating Health Opportunities for People Everywhere. With your continued support and through the efforts of our dedicated staff, HOPE will realize the goal we all share: to improve health for those in need.

On behalf of those we serve, we thank you.



Charles A. Sanders

Charles A. Sanders, M.D.
Chairman



John P. Howe

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



Story of HOPE

Ofelia understands the impact of HIV all too well. She witnesses its impact every day as she raises two grandchildren, orphaned when their fathers died from AIDS.

It was the death of her two sons that sent Ofelia on a mission to bring to an end the spread of HIV, to improve access to healthcare, and to stop the stigmatization and discrimination of people living with AIDS and their families. Ofelia knew that without preventive education the epidemic would only continue to grow.

Her undertaking led her to Project HOPE's HIV/AIDS Home-Based Care and Volunteer program in San Pedro Sula, Honduras. Through this program, Ofelia received the training she needed to provide community support and referral services for healthcare and medicine, and to recognize and reduce discrimination against HIV-infected patients.

Vulnerable populations, like the ones Ofelia often visits, are poverty-stricken, alienated and unable to access needed services. But because of the training Ofelia has received, she is able to connect those infected with HIV and other illnesses with the healthcare system while she fosters behavioral change.

With the combined efforts of Ofelia and Project HOPE, people around the world are receiving the HIV/AIDS education that will someday result in the control of the epidemic. ■



Infectious Disease

Tuberculosis is a particularly serious problem in the former Soviet Republics of Central Asia, including Kazakhstan, Kyrgyzstan, Tajikistan, Turkmenistan and Uzbekistan. In cooperation with the governments of these five countries, Project HOPE provides training and supplies, improves data collection, equips treatment sites with life-saving medicines and medical equipment, and conducts ongoing public education.

With more than a decade of experience fighting TB in Central Asia, Project HOPE is now committed to expanding its efforts to other parts of the world that are grappling with this growing epidemic.

Project HOPE has also made great progress in combating the global epidemic of HIV/AIDS. Through a multi-faceted approach, Project HOPE is equipping countries around the world with the tools of prevention and is preparing these countries to provide healthcare to patients with HIV/AIDS.

Emerging countries like Bosnia, Kosovo, Macedonia, Serbia, Albania and Croatia are at risk for the HIV epidemic to grow at an alarming rate. By strengthening prevention, care and treatment efforts, and encouraging behavior changes, Project HOPE is significantly reducing the risk of additional infections and strengthening healthcare professionals' ability to provide care and support.

Project HOPE's community-based programs also reach poverty-stricken families in Honduras. The innovative HIV/AIDS Home-Based and Volunteer Care program links HIV-infected families with counseling services, information and education.

And for so many Namibian farmers whose livelihoods have been jeopardized by HIV/AIDS, Project HOPE is guiding companies to develop strong anti-discrimination policies and interventions. ■



Story of HOPE

There were some nights when Juleca and her family had to go without eating. There were other days when she could not pay for her growing housing costs or increasing school fees.

Juleca plays many roles in her family – provider, protector and parent. While the 32-year-old widow does not have children of her own, she cares for three orphans in addition to her mother and a younger sister. Living in Mozambique – one of the poorest countries in the world – is a daily challenge for many women like Juleca. Today, in Mozambique, Project HOPE is strengthening its health activities by combining health education with access to small loans.

Project HOPE's Village Health Bank program offers small individual loans to groups of women in a community. These loans enable the women to start or enhance a small business to generate income for their family.

Juleca is one of 50,000 women in eight countries who have benefited from the Village Health Bank program. She recently used her first loan to sell food in the local market.

This has given me small amounts of money to help with sustaining my household, school needs and medical problems, Juleca said. We're also eating better.

It's a program that empowers women to help themselves. Profits from the business help raise families out of poverty, while providing women with information on important health issues. Each Village Health Bank also promotes better health within the community through health fairs and special events that bring needed health services to the area. ■



Women and Children's Health

From the Dominican Republic to Tajikistan and from Mozambique to China, Project HOPE addresses some of the most important health issues concerning women and children around the world. By teaching women to identify the signs of childhood illness, by training healthcare providers in preventive care and by reaching out to influence positive behavioral changes, Project HOPE improves the health of the world.

Project HOPE is engaged in a very ambitious project to improve the health of women and children in the Central Asian Republics of Kazakhstan, Kyrgyzstan, Tajikistan, Turkmenistan and Uzbekistan. Through community education, training healthcare workers and informing policy makers, these programs directly impact the health of more than one million women and children.

The Village Health Bank program, an innovative program that combines small loans with health education, has helped more than 50,000 women to increase both their knowledge of essential health issues and their family incomes. It has also empowered them to make differences in their own health, the health of their families and their communities. The Village Health Bank becomes a catalyst for improved community health by creating a pool of empowered women who advocate and exemplify better health practices. Over time, Village Health Banks can become self-sustaining, financed by the income generated from loan repayments.

The achievements of the Village Health Bank program were highlighted in the prestigious *Journal of the American Medical Association*. ■



Story of HOPE

Born at home a few days earlier, a premature infant was rushed to Shanghai Children's Medical Center (SCMC). The child was born with a condition known as gastroschisis, a condition in which the abdominal wall fails to close.

Arriving at the Center, the infant was immediately treated by Dr. Wu Ye Ming, vice director of SCMC. Using equipment and skills that he obtained at the University of Chicago and Chicago Memorial Children's Hospital thanks to a fellowship sponsored by Project HOPE, Dr. Ming was able to reinsert the exposed bowel into the abdomen without an operation or complications.

Around the world, Project HOPE trains healthcare professionals like Dr. Ming. Providing healthcare professionals with up-to-date medical training is a vital tool in maintaining sustainable improvements in the health of the international community.

Today Project HOPE works with SCMC to provide training for physicians, nurses, administrators and allied health professionals from China and neighboring countries. With well-trained staff, SCMC will better serve the needs of China's critically ill children not only today but for generations to come. ■



Health Professional Education

Since its founding, Project HOPE has worked to achieve sustainability through its health and medical training and education programs. Over the years, it is estimated that two million healthcare workers in more than 80 countries have been trained by Project HOPE, from village healthcare volunteers to medical and surgical specialists. With training based on the train-the-trainer premise, Project HOPE's fundamental methodology prepares communities to continue healthcare services as the original training is passed from person to person.

In 2004, Project HOPE reached another milestone when it joined with Wuhan University to open the Wuhan University HOPE School of Nursing. This new alliance is bringing about a revitalization of the nursing program at the university. Currently, the School of Nursing is reforming and upgrading the nursing programs through curriculum change, new clinical teaching strategies, teaching resource enrichment, faculty development and exchange of nursing scholars.

At the same time, Project HOPE continued a 30-year tradition of providing health education and training in many countries in Central and Eastern Europe. Through Project HOPE's Healthcare Management Programs, doctors and nurses are working to advance their management skills so that they will be able to provide healthcare to their own people. Project HOPE has also added an HIV/AIDS training program for healthcare workers in the western Balkan countries. In addition, Project HOPE continued the successful retraining and Continuing Professional Development program for family doctors and nurses in Bosnia and Herzegovina. ■



Story of HOPE

Maria walked eight miles to bring her three-year-old twin sons to the Project HOPE-supported clinic in the town of Monte Plata, Dominican Republic. This arduous trip represents her first opportunity to provide clinic-based healthcare for her children.

Living in the remote village of Chirino, Maria's sons are at an increased risk for communicable diseases, diarrheal diseases and respiratory infections. This is one of the reasons Project HOPE is supporting a clinic for the Monte Plata area.

Run by a Project HOPE partner, the Maternal and Child Health Clinic provides healthcare and access to vital medicines to hundreds of families in the region. In addition, the clinic-based community outreach program provides basic health information on a wide range of issues that promote healthy behaviors and practices and prevent disease. Project HOPE also provides technical assistance including management advice and oversight, selection and training of staff, and procurement of essential equipment and supplies.

Maria hopes to continue making the monthly walk to the clinic for routine medical check-ups and immunizations and hopes to learn more about maintaining her children's health. ■



Health Systems and Facilities

For more than 46 years, Project HOPE has worked to improve health around the world through health education and humanitarian assistance. While the approach may differ between countries in turmoil such as Iraq and Bosnia and countries more impacted by long-term infrastructure needs, such as China, Poland, and the Dominican Republic, Project HOPE's over-arching objective is always to work with local partners to achieve sustainable improvements in health.

In China and Poland, Project HOPE worked with local government and a coalition of private sector partners to develop highly-effective hospitals, and to train staff capable of providing the best possible healthcare for children. In the Dominican Republic, Project HOPE's work has been focused on women and children's clinics. In other countries, specialty training has been focused on the particular needs of the host country—ranging from developing rehabilitation services in Turkey to national diabetes training in China.

With this background and expertise, Project HOPE is now part of a public-private partnership working with the leadership of Iraq to develop a children's hospital in Basrah. By focusing on training the professionals who will work in the facility and by helping to acquire needed equipment and supplies, Project HOPE has made a strong commitment to aiding the children of Iraq.

As Project HOPE and its partners, both in Iraq and the U.S., lay out the plans for the hospital, Project HOPE remains committed to its basic principle—to help others help themselves, efficiently, effectively and for the long-term. The children of Iraq, and the world, deserve no less. ■



Story of HOPE

Dr. Ramazon Saidov, an anesthesiologist in the Central Asian Republic of Tajikistan, was vaccinated against Hepatitis B, a serious infectious risk for healthcare workers.

In addition to the personal health risk posed by exposure to Hepatitis B, Tajik law requires healthcare workers who contract Hepatitis B to give up the practice of medicine. It has been estimated that as many as eight percent of the population of Tajikistan are chronic carriers of Hepatitis B, increasing the danger of exposure.

Project HOPE recognized the pressing need to vaccinate healthcare workers, and with the support of its partners donated enough adult Hepatitis B vaccine to protect all 15,000 healthcare workers and health professional students in Tajikistan against the disease.

By working with pharmaceutical donors and in close collaboration with the Tajikistan Ministry of Health, Project HOPE has given healthcare workers like Dr. Saidov the ability to continue to provide care to some of the neediest people in the world. ■



Humanitarian Assistance

Over the years, Project HOPE has effectively delivered more than \$1 billion in donated medicines, medical supplies and equipment to hundreds of institutions in 99 countries. This distribution system is important in the development of maternal and child health programs in Nicaragua, in efforts to improve the healthcare infrastructure in Tajikistan, and in ensuring access to life-saving treatment for children suffering from an inherited enzyme disorder.

Tajikistan, one of the poorest republics of the former Soviet Union, continues to struggle with poverty, borderline famine and the vestiges of a five-year civil war that ended in 1997.

Project HOPE's Humanitarian Assistance initiative has been working in Tajikistan for almost three years, distributing and carefully monitoring more than \$65 million in donated medicines and medical supplies.

In remote areas of western Nicaragua, donated medicines and medical supplies to hospitals and clinics go a long way in helping improve the lives of thousands of women and children. Product donations complement Project HOPE's efforts to improve maternal care, child nutrition and immunization programs, and household practices related to maternal and child health.

In China and Egypt, Project HOPE is reaching out to hundreds of patients suffering from severe or life-threatening Gaucher Disease, a rare, inherited disorder. Through the Gaucher Initiative, Project HOPE works to improve access to an enzyme replacement therapy while training physicians to recognize signs of the disease and establishing local treatment programs. ■

Health Affairs

Health Affairs, Project HOPE's bimonthly health policy journal, reaches over 10,000 print subscribers and over 200,000 Web readers around the world in its mission as the leading publisher of research and policy proposals to advance the most pressing health policy debates of the day. In fiscal year 2004 journal issues focused on health spending, mental health, hospital market, the drug industry and Medicare prescription drug payments, the post-managed care healthcare marketplace, and global challenges in health.

For the issue on global health, John Iglehart, Founding Editor of *Health Affairs*, interviewed U.S. Department of Health and Human Services Secretary Tommy G. Thompson. The international issue also featured important new research on trends in international nurse migration, quality comparisons in five countries, new data on why U.S. health spending is so high compared with other nations' spending, and important analyses of the global pharmaceutical market.

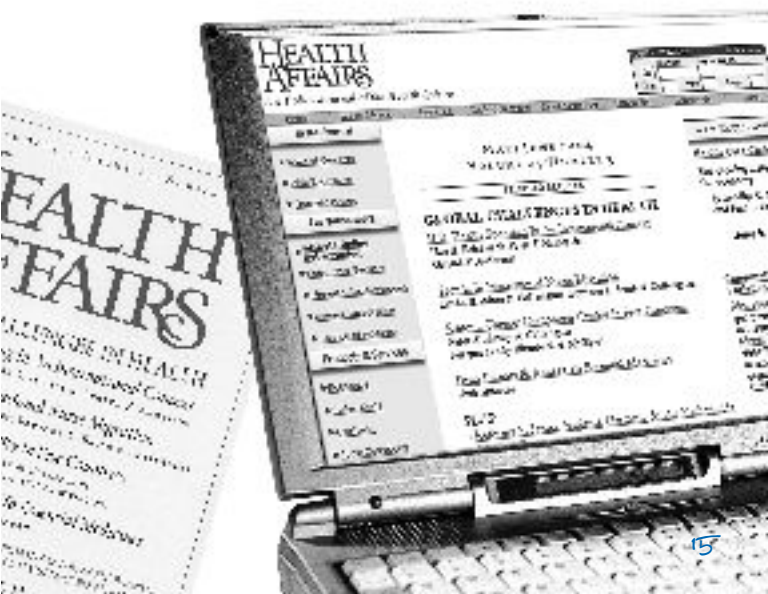
In the past year, *Health Affairs* significantly expanded its presence on the Web, including major growth in online international readership. In an effort to help the poorest nations benefit from the latest health systems research, *Health Affairs* began offering free online-only subscriptions to researchers in nearly 100 low-income countries.

Web content grew significantly. The number of online-only papers published (Web Exclusives) jumped from 58 the previous fiscal year to 84 in FY04 and are now posted weekly on average. The full-text of all papers from the bimonthly print edition is also



published online at www.healthaffairs.org. In November the journal moved its 23-year online archive to Stanford University's HighWire Press, which services over 500 non-profit healthcare and scientific journals, including *JAMA* and the *New England Journal of Medicine*. This move provided significant improvements in helping readers search and use content from the journal. Online usage of *Health Affairs* has quadrupled from the previous year.

Articles from *Health Affairs* reach not only the policy-makers and healthcare leaders but also inform the interested lay reader as well via extensive national media coverage. The journal was cited by all major newspapers, CNN, NPR, network television news, and online news outlets. On January 11, 2004, *The Washington Post* featured *Health Affairs* in its Business Section "Sunday Briefing": "For more than 20 years, *Health Affairs* has been a must-read for anyone with a serious interest in medicine, healthcare and healthcare policy. Its articles are rigorously researched, timely, original and thought-provoking, and easily understood by those of us without an advanced degree." ■



The Carter Hall Conference Center

The operation of The Carter Hall Conference Center is an additional facet of Project HOPE's worldwide operations and an example of the breadth of business activities which support the Project HOPE mission. The conference center is a comprehensive facility providing today's business leaders opportunity for contemplative retreat in a historic setting in a serene, peaceful environment.

Carter Hall, the centerpiece of the 212-acre property, has a legacy of historic meetings and congregation since it was built in since 1792. Carter Hall's tradition includes a national transplant conference chaired by President Ronald Reagan's Surgeon General C. Everett Koop, major governmental organization strategy sessions, Health and Human Services and Food and Drug Administration meetings, and International Ministers of Health retreats. Additionally, for the past 25 years, the grounds of Carter Hall have served as home to Project HOPE and the U.S. base of operations from which international health education programs have been built.





Project HOPE staff meet on the west portico to discuss issues in HIV/AIDS and tuberculosis. Each year, The Carter Hall Conference Center hosts Project HOPE's Fall Leadership Conference.

This year, The Carter Hall Conference Center opened its doors to small team-building meetings, strategic planning sessions and corporate retreats. Organizations that support Project HOPE's mission, such as Save the Children, Exxon Mobil, GSA, the Peace Corps, Lockheed Martin and World Vision, enjoyed the peaceful atmosphere of The Carter Hall Conference Center. In addition, Project HOPE's own field staff from around the world utilized these facilities, coming together to further the Project HOPE mission and continue to design sustainable healthcare programs in the developing world.

Efforts to expand the reach of the conference center and increase conference activity have focused on marketing to businesses and corporations, government agencies and health care organizations that would use this facility to conduct small conferences, retreats and board meetings. The meeting and accommodation amenities of Carter Hall have been updated and renovated, while yet maintaining the historic atmosphere and colonial roots.

The Carter Hall Conference Center will continue to provide a venue where Project HOPE, as well as other organizations, will benefit from an environment where commitment to a better future is the unifying goal. ■

Project HOPE – The People-to-People
Health Foundation, Inc.

Financial Summary

For the Years Ended June 30, 2004 and 2003

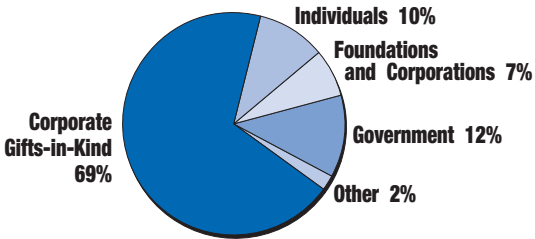
	2004	2003
REVENUE AND SUPPORT	<i>(in thousands)</i>	<i>(in thousands)</i>
Individual giving	11,663	11,489
Foundations and corporations	8,374	10,405
Corporate gifts-in-kind	81,786	88,471
Governments	14,369	15,140
Subscription revenue	1,317	1,003
Other revenue	1,515	1,931
Total revenue and support	119,024 *	128,439
EXPENSES AND CHANGES IN NET ASSETS		
Program services		
Health education and assistance programs	115,365	106,960
Health policy programs	4,998	6,014
Total program services	120,363	112,974
Supporting services		
Fundraising	4,930	4,469
Management and general	4,151	3,863
Total supporting services	9,081	8,332
Total expenses	129,444	121,306
Changes in net assets from operations	(10,420) *	7,133
Nonoperating changes in net assets		
Net gain (loss) on investments	718	(257)
Transition of Center for Health Affairs	(1,010)	(444)
Change in net assets	(10,712)	6,432
Net assets, beginning of fiscal year	47,045	40,613
Net assets, end of fiscal year	36,333	47,045

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

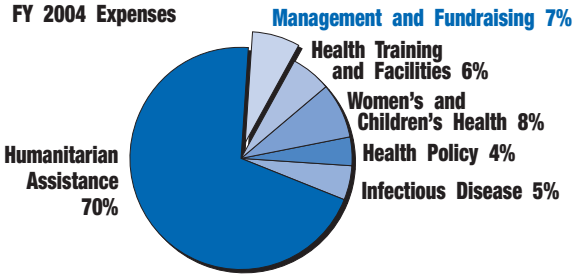
* The revenue decrease from 2003 to 2004, and the shortfall in revenues against expenses for 2004, reflects an exceptionally heavy volume of in-kind donations received at the end of 2003 which were not expensed until the beginning of 2004.

A sound, conservative financial policy plus the help and generosity of many contributors give Project HOPE the ability to provide help around the world. Indeed, this help comes through the gifts, the sound financial guidelines and the help of so many who believe that the ultimate gift to the world is HOPE.

FY 2004 Revenues



FY 2004 Expenses



Project HOPE is grateful to the thousands of supporters who make our work possible.

Project HOPE is recognized as one of the best-managed and most efficient non-profit organizations, so HOPE donors know they are making a sound investment in improved human health and dignity. 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.

Supporting Project HOPE

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, their spouses and 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: Cary Kimble, Interim Vice President, Development and Communications. ■



Project HOPE Ongoing Programs

AFRICA

1. Malawi
2. Mozambique
3. Namibia

AMERICAS AND THE CARIBBEAN

4. Dominican Republic
5. Ecuador
6. Guatemala
7. Haiti
8. Honduras
9. Mexico
10. Nicaragua
11. Peru
12. U.S.

ASIA AND THE MIDDLE EAST

13. China
14. Egypt
15. Indonesia
16. Iraq
17. Jordan
18. Thailand

CENTRAL AND EASTERN EUROPE

19. Albania
20. Bosnia and Herzegovina
21. Croatia
22. Czech Republic
23. Estonia
24. Hungary

25. Kosovo

26. Latvia
27. Lithuania
28. Macedonia
29. Poland
30. Serbia and Montenegro

RUSSIA AND CENTRAL ASIA

31. Kazakhstan
32. Kyrgyzstan
33. Russia
34. Tajikistan
35. Turkmenistan
36. Ukraine
37. Uzbekistan



International Headquarters Project HOPE

Millwood, Virginia 22646

(800) 544-HOPE (4673)

Fax: (540) 837-1813

<http://www.projecthope.org>

HOPE, Project HOPE, *Health Affairs*, and Project HOPE Center for Health Affairs are registered trademarks of the Project HOPE—the People-to-People Health Foundation, Inc. (Project HOPE).

Project HOPE Board of Directors

Charles A. Sanders, M.D. -
Chairman
*Retired Chairman and Chief
Executive Officer Glaxo, Inc.*

Arthur J. Benvenuto
President
Healthcare Strategies, LLC

Arno Bohn
Bohn Consulting

Jo Ivey Boufford, M.D.
Dean
*The Robert F. Wagner Graduate
School of Public Service*

C. L. Clemente

Mrs. Edward N. Cole
Briarpatch Ranch

Linda Distlerath, Ph.D.
Vice President
*Global Health Policy
Merck & Co., Inc.*

John W. Galiardo

Jack M. Gill, Ph.D.
President
The Gill Foundation

Sue Desmond-Hellmann, M.D.
Executive Vice President
*Development And Product
Operations &
Chief Medical Officer
Genetech, Inc.*

William L. Henry

John P. Howe, III, MD
President and
Chief Executive Officer
Project HOPE

Dr. Franz B. Humer
Chairman and
Chief Executive Officer
Roche Holdings, Ltd.

Robert A. Ingram
Vice Chairman,
Pharmaceuticals
GlaxoSmithKline

Katsuto Kohtani
Advisor
Agilent Technologies Japan, Ltd.

Göran S. Malm
Chairman and
Chief Executive Officer
Boathouse Limited

Gerhard N. Mayr
Retired Executive Vice President
*of Pharmaceutical Operations
Eli Lilly and Company*

J. Michael McQuade, Ph.D.
Division Vice President,
Medical Division
3M Company

Dayton Ogden
Chairman
SpencerStuart Worldwide

Steven B. Pfeiffer
Chairman, Executive Committee
Fulbright & Jaworski, L.L.P.

James E. Preston
Rock Hill Associates, LLC

Stephen H. Rusckowski
Chief Executive Officer
*Cardiac & Monitoring Systems
Philips Medical Systems*

J. Friedrich Sauerländer
Chief Executive Officer
*Manufacture Des
Montres Rolex, S.A.*

Curt M. Selquist
Company Group Chairman
*Johnson & Johnson
Healthcare Systems*

Louis W. Sullivan, M.D.
President Emeritus
Morehouse School of Medicine

Karen E. Welke
Retired Group Vice President
3M

Bradley A. J. Wilson
Chief Executive Officer
OnMedica Group