Chairman and President’s Message

For more than three decades, Africare has provided humanitarian and development assistance to the people of Africa. We provide assistance in the areas of health, HIV/AIDS, food security, clean water, the environment, education, poverty alleviation, governance, and emergency aid, among others. We have worked to ensure that children are immunized, people have clean drinking water, crops don’t wither from drought, and the sick and vulnerable are given health care. Yet we recognize the interdependence and the frailty of our work, how a single calamity—a famine, a disease, a war—can have devastating impacts on people and the long-term development of their communities. This year’s Annual Report spotlights one of the most intractable challenges to our work—the HIV/AIDS pandemic in Africa.

In 2004, Africare became a major beneficiary to global HIV/AIDS funding. It was the year the Bush administration announced the President’s Emergency Plan for AIDS Relief (PEPFAR), a $15 billion, five-year program to help in the fight against HIV/AIDS. With oversight from the U.S. Agency for International Development, the Emergency Plan’s 15 focus countries include 12 African countries: Botswana, Cote d’Ivoire, Ethiopia, Kenya, Mozambique, Namibia, Nigeria, Rwanda, South Africa, Tanzania, Uganda, and Zambia.

We have implemented some highly successful, innovative programs: Man Enough to Care in Rural Zimbabwe, the HIV/AIDS Volunteer Service Corps, and Youth Empowerment and Support (YES!). At Africare’s Bishop Walker dinner in October 2003, we raised more than $1 million from nearly 2,000 corporate, national, and international leaders and others who gathered to honor Bill and Melinda Gates and support Africare’s mission to fight HIV/AIDS in Africa.

This report celebrates some of Africare’s success stories. You will learn more about Africare’s work through the words of the people we have reached. Mr. Benza, in Zimbabwe’s Man Enough to Care program, relates how he counseled a woman grieving over her daughter’s death. Sylvia, an orphan in Zimbabwe, explains how she can now attend school, instead of working in the fields because of an Africare program for AIDS orphans. You’ll learn about how we have built water wells in villages across Africa, planted trees in Zambia, and fostered a micro credit institution—all relatively modest endeavors which reaped huge returns for the communities that have been served by our programs. Furthermore, we hope this report will convey the color and vibrancy of the communities we serve, as well as the people of Africa: the mothers, the children, the cherished friends.

Thank you for your continued support for Africare and for sharing our commitment to the people of Africa.
Where Africare Works

Africare assistance this year
Past Africare assistance
Who We Are

Africare was founded in 1970 as a private nonprofit organization. Since that time, communities in 35 nations Africa-wide have benefited from direct Africare assistance. During the fiscal year 2004, Africare supported more than 150 programs in 26 African countries.

For 35 years, Africare has been helping Africans improve their quality of life, their personal well-being, and their world. We employ staff largely indigenous to the countries and to the areas where we work. By using a large number of Africans employed locally, Africare staff are able to better understand the cultural norms and perspectives of the communities that we assist. Africare creates an environment where children are educated and nurtured, families have adequate food, shelter, clothing, and health care, natural resources are protected, women are empowered, people are healthy, and communities live peaceably. Yet none of these objectives can be realized without working toward them all. For people to be healthy, they must have nutritious food. For women to be empowered, they must be educated. Recognizing this connectedness, and integrating our development programs accordingly, is Africare’s strength.

Our long-term development strategy focuses on three program areas—HIV/AIDS and Health, Food Security, and Emergency Response—while weaving in other programs that help provide clean water, protect natural resources, and educate children. Africare’s approach is to place communities at the center of its development activities. We work with local non-governmental organizations and governments in Africa and are deeply respectful of communities’ capabilities.

The 2004 Year

In 2004, Africare’s accomplishments were far-reaching. Africare helped villagers in Farcha, Chad build a well and mini-dam, which allowed them to grow different crops—watermelon, cucumber, tomato—and also earn income from selling the surplus. Before construction of the well, the community had access to water during July and August only, the rainy season. As a result of the project inputs, young people who had migrated to other areas started to return home.

In the Gambella region of Ethiopia, Africare provided transport and material support to the public health service for their vaccination campaign to protect children against polio, resulting in 36,490 vaccinations. And in the Ntungamo district of Uganda, Africare demonstrated how to successfully integrate HIV/AIDS prevention, clean water, and hygiene and sanitation activities into community-based food security efforts. In partnership with the Ntungamo District Health Services, the Franciscan Catholic Church, and the Ugandan Women’s Effort to Support Orphans and local communities, Africare provided food assistance to HIV/AIDS orphans and people living with HIV/AIDS, trained the partner organizations in hygiene and nutrition education, and set up backyard gardens at the Itojo hospital, Rubaare health center, Rushooka orphanage, and Ntungamo Town Council.

In the following pages you will read about the important work Africare is doing on the African continent. The first section is devoted to our mission to combat HIV/AIDS. The subsequent sections reflect the depth of our continual commitments to health, food security, the environment, education, and other long-term development objectives for the peoples of Africa.
HIV/AIDS

Boy with AIDS, Mali, photo by Sheila Mackinnon
“Millions of people living with HIV are in the prime of life—the age that bears burdens for the old and the young. These are the people who enforce the laws, harvest the food, heal the sick, teach the students, and raise the children. Without farmers and teachers and mothers and fathers, things fall apart.”

HIV/AIDS is much more than a health problem. It is decimating African societies—whole families and communities. An estimated 25.4 million people in Africa are infected with HIV/AIDS. In fact, Africans represent 64% of the world’s people living with HIV/AIDS. Regrettably, in 2003, 2.2 million Africans died of this disease. HIV/AIDS creates a vicious cycle. It affects those who work and sustain all sectors of society—education, sanitation, government, health care, farming, and other areas. As the teachers, government leaders, farmers, and health care workers become weakened and die from HIV/AIDS, they can no longer contribute to their communities’ social and economic growth. Further, the resulting poverty faced by families is exacerbated in some countries by wars and border disputes. The resulting desperation leaves orphans and other children vulnerable to sexual and labor exploitation. These conditions further spread this horrible epidemic.

Family wage earners who contract HIV/AIDS find that their incomes decrease and expenses increase as they need to buy medicine and pay for health care. Women are left bearing most of the burden and must now earn a living, take care of their families and home, and nurse those dying of AIDS. Too often, they also contract HIV/AIDS in the process. So they often shoulder these responsibilities while weakened by the disease. In families directly impacted by HIV/AIDS, children, especially girls, must help in the fields and care for younger siblings, and often drop out of school. Other children may leave school because there isn’t money for school fees and uniforms. Eventually many become orphans, with limited skills—thus again continuing the cycle of poverty and high risk of HIV infection.

**Africare’s Response**

Since 1987, Africare has supported Africa in stemming the spread of HIV/AIDS. Recognizing that fighting HIV/AIDS is intrinsically linked to food security, health, disaster response, and ultimately long-term development, Africare made responding to HIV/AIDS a top priority as far back as 1999.

In concert with governments and local communities throughout Africa, Africare integrates HIV/AIDS activities into all of its development programs. Our approach is to offer a continuum of care, focusing initially on HIV prevention and education. Africare services also include voluntary counseling and testing; treatment; care and support for people already infected with HIV or suffering from AIDS; and assistance to orphans and children left vulnerable as a result of parents impacted by HIV/AIDS.

Africare works with members of the community, often through Africare’s HIV/AIDS Service Corps Volunteer Program. Its theme is “Africans Helping Africans.” Based in part on the Peace Corps concept of volunteerism, the Service Corps, launched in 2002, matches Africans as volunteers in their own communities with locally identified needs.

**Stemming the Spread**

One of the realities of HIV/AIDS is that people are often unaware of the consequences of their behaviors or harbor misconceptions. For instance, some men have sex with virgins, believing this will cure them, but instead spreads the disease. Others,
especially women, are fearful of being tested and even treated, fearing the likely ostracization that would result if others learned they had contracted AIDS. Contributing to this situation are some community leaders, who deny that HIV/AIDS is a problem. This results in resources not being allocated to curb the spread of the disease and attitudes about the disease remaining unchanged.

Prevention still remains the hallmark of Africare’s work, and our goal is to change such attitudes and behaviors that lead to the spread of HIV/AIDS. Another means to slowing its spread is to put counseling, testing, and surveillance measures in place. Africare’s approach trains community members, as peer educators, particularly those at high-risk for sexually transmitted infections (STIs) and HIV/AIDS, in prevention efforts. Target groups include teachers, youth, sex workers, traditional healers, prisoners, and church leaders.

Over the years, Africare’s work in prevention has expanded across the continent. In Cote d’Ivoire, Africare established counseling and testing centers for Liberian refugees and displaced persons in urban and rural populations; in southern Africa, the Adolescent Reproductive Health Initiative program reached over 2 million youth in Malawi, South Africa, Zimbabwe, and Zambia with reproductive health and HIV/AIDS behavior change messages. It also strengthened 144 youth-led community-based initiatives to be self-sustaining through income-generating and other fundraising activities.

One of Africare’s great success stories in 2004 is the Gikongoro AIDS Project (GAP) in Rwanda, where Africare’s efforts with the community focused on reaching young people. The HIV/AIDS Service Corps Volunteers provided home-based care to people living with AIDS that included palliative care, monthly distribution of food provided by the World Food Program as well as psycho-social support.

Another example of Africare’s work in communities occurred in Benin through the Benin HIV/AIDS Prevention Program (BHAPP). Trained volunteers from the community helped the government control HIV/AIDS in high-risk groups—commercial

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**Peer Education**

Albertine, age 26, a market woman at the motor park in Godomey, proudly shares the words of a woman she reached as a peer educator for the Benin HIV/AIDS Prevention Program:

“The project opened my eyes. To tell you the truth, I have turned away from the life that I led out of sheer ignorance. To prove this point, trust me when I tell you that quite recently, I turned down 20,000 francs that this man was waving at me so I can have sex with him. I’m done with that life.” —a vendor in the Godomey markets

Two years ago, in this small West African coastal country, many of the market women had unprotected sex with truck drivers in exchange for a substantial amount of money. Since engaging their fellow vendors in information sessions on STIs and HIV/AIDS, peer educators, like Albertine, are seeing change: less risky behaviors, resulting in decreased likelihood of contracting HIV/AIDS. As people become informed, they are able to make different choices.
sex workers, migrant workers, truck drivers, market women selling around car parks, and out-of-school youth who live or work along major corridors. Africare worked with the Ministry of Health staff in Benin and enhanced relationships with local non-governmental organizations. This program was a follow-up to the Benin Indigenous NGO Strengthening (BINGOS) project, which has strengthened the capacity of local Benin health and development non-governmental agencies.

Another program focusing on youth was Africare’s Youth Empowerment & Support (YES!) Project. With funding from the Bill and Melinda Gates Foundation, YES! expanded the capacity of community-based youth groups to design, implement, and evaluate sustainable HIV/AIDS prevention programs for the most vulnerable youth—15 to 24 year-olds in Malawi, Zambia, and South Africa. The project evaluation pointed out the biggest success of the YES! project: development of a viable model for AIDS prevention among youth that could be replicated elsewhere in Africa and beyond. As a result of the program, more young people practiced abstinence or had fewer partners. YES! also provided small grants to support income-generating activities such as tin smithing, ceramics, carpentry, arts and crafts, gardening, and poultry farming, further reaffirming the benefits of behavior change.

Part of Africare’s prevention strategy is to link HIV/AIDS prevention with food security. One example of this approach can be found on the semi-arid plateaus of the Zondoma province in Burkina Faso. With religious and provincial leaders, Africare helped create a voluntary counseling and testing center for the Gourcy population, especially for persons infected with and affected by HIV/AIDS. Integral to this project was the Zondoma Food Security Initiative (ZFSI)—implemented in 40 villages—which strengthened local capacity, increased crop productivity, and improved household nutrition.

“This capacity building and skill strengthening will be without doubt an efficient education and motivation tool of communities in Zondoma for appropriate behavior change, especially in STI/AIDS prevention.”
—Governor of the Zondoma Province

Extending Life

Because the HIV virus attacks the immune system, people with HIV/AIDS lose the ability to protect themselves against infections such as tuberculosis, pneumonia, and different cancers. By treating these opportunistic infections and by providing antiretroviral therapy along with proper nutrition, people living with HIV/AIDS can lead healthier and longer lives. This allows them to continue working and taking care of their children, while contributing to the social and economic health of society. But getting antiretroviral drugs and adequate nutrition is challenging where health services are already overwhelmed and where most of the people with HIV/AIDS live in rural areas, far from any services. Africare helps African communities improve their healthcare delivery systems and infrastructure so
they can better respond to a host of health needs, including HIV/AIDS. It does this by strengthening linkages between clinic-based services and community-based outreach activities. In 2004, Africare worked with Pfizer Pharmaceuticals to train volunteers to provide care and support to people living with HIV/AIDS and who receive Pfizer-sponsored Diflucan®—a drug that treats opportunistic infections. Africare also helped these volunteers educate communities and clinics about HIV/AIDS prevention and develop income generating activities in the Qaukeni District of South Africa, where Pfizer’s Diflucan® distribution program was operating. Through a partnership with the Ministry of Health, Pfizer has been providing Diflucan® to people who cannot afford treatment free of charge for as long as they need it.

Caring for and Supporting Those Affected by HIV/AIDS

People living with HIV/AIDS have many needs: pain medication, proper nutrition, psychosocial support, spiritual support, and legal support. Their families also require this support, as well as help in earning incomes and managing finances. Africare works to strengthen community-based care, support activities, and provide social support for people living with HIV/AIDS and their caregivers.

Beginning in February 2002, Africare, with funding from the Development Cooperation of Ireland and John Snow International, UK, started Man Enough to Care—a Male Empowerment project in the Mutasa district of Zimbabwe. Africare and the community chose this name to reflect a sense of pride and responsibility in the men. Voluntary male caregivers were trained to assist the primary caregiver in the home with nursing care, prevention counseling, psychosocial support, assistance with household chores, and bereavement counseling for family members.

Providing Food and Comfort

Equipped with information on HIV/AIDS, home-based care, and psychological care, Mr. Benza set off to help Natasirayi, 30 years old, who had AIDS, and her family in Chigweshe Village, Zambia. Lucia Pachawo describes her experience:

He has been like a brother to me since he started visiting us. I still remember how my daughter, Natasirayi, valued his visits, which were at least twice a week. Visits assisted my daughter to look at the positive aspects of life until she died. Mr. Benza assisted me with nursing care activities including feeding my daughter when she was very sick. He was also there at the funeral assisting with transport arrangements to ferry the body home. Mr. Benza also lobbied for us to be issued with an irrigation kit, which has further improved our living standards. We are now able to produce vegetables for home consumption, and sell the surplus.

—Lucia Pachawo

Amid the mountainous, rural districts in eastern Zimbabwe, men serving as voluntary caregivers picked the soybeans in the garden, cut armfuls of firewood, and drew water—all traditionally women’s chores. During visits to the homes of AIDS clients, these men offered counsel in nutrition, legal rights, custodial issues for children, and inheritance.
planning. The impacts of the Male Empowerment project are truly far-reaching.

One of the most satisfying results of the program was that men started to consider caregiving as masculine and even respectable. Helping to foster these feelings were the male empowerment groups, which met weekly to share experiences.

Those Left Behind—Orphans and Vulnerable Children

Children orphaned or made vulnerable because of AIDS face stigma and discrimination in school. Vulnerable children are those living with someone with HIV/AIDS. Often they can’t attend school because they are forced to work to help support the family, and they are unable to pay their school fees. As young workers, especially girls, they become more exposed to sexual behavior that puts them at risk for the disease.

One of Africare’s efforts to protect the needs of orphans and vulnerable children is the Community-based Care, Protection, and Empowerment (COPE) program for children and families affected by HIV/AIDS. Started in 2003, and continuing through 2004, Africare developed COPE in Zimbabwe to help communities and schools provide psychosocial support to caregivers, parents living with HIV/AIDS, and children and families affected by HIV/AIDS. This program also ensured that these children were able to attend school. From the beginning, Africare involved district heads of the line ministries, teachers and village community workers. An integral part of the program was a comprehensive life skills support program for orphans and vulnerable children in Mutasa, Zimbabwe. This intervention has won a lot of praise and support from the households affected by HIV/AIDS and the community.

“I still feel sad about the loss of my mother because she was the only person I really trusted and depended on. I was delighted when the school headmaster told me that I was going to be a beneficiary of the Africare project for orphaned children. This support alleviated the stress that my aunt was facing in raising fees for me. The project helped to set my mind at ease because I now know that there is someone to pay fees for me and there was no longer any fear of being chased away from school.”

Sylvia, age 12

Complementing COPE was the Nutrition on Wheels Project, which delivered monthly food packs to the children and families in the program. One club member from Muparutsa secondary school said, “Sometimes we could not come to school because we did not have enough to eat at home; therefore, we did not have the energy to walk to school.”
The Story of Tashinga

To eliminate the stigma of belonging to the Tashinga Life Skills club, the children at Pimai School came up with a name that depicts their hopes as well as aspirations—“Tashinga” (we have persevered). Asked why they chose this name, a club member in Grade Five said: “We chose Tashinga because we are children who are orphaned and therefore we really need to work extra hard in all fields of endeavor.” There is a change now in the perception of the community towards their club after the name change, as one member testified “They call us by the name Tashinga now and every friend of mine who is not in Africare (not being assisted directly by the project) wants to join.”

The Link—HIV/AIDS and Natural Resources Degradation in Uganda

In ten villages of Itojo and Nyakyera sub-counties in Ntungamo District, Africare piloted a natural resource management (NRM) and HIV/AIDS project. Educating communities about the links between the HIV/AIDS and massive environmental degradation, NRM helps HIV/AIDS infected individuals and households plant varieties of fruit trees, which provide herbal medicines and conserve their environment. The most exciting technology was the production of energy saving stoves in the ten villages. These replaced the traditional three-stone cooking stoves that used a lot of firewood, thus contributing to deforestation in the area. This program directly benefited 550 households of approximately 5,000 people in villages severely affected by HIV/AIDS. Since then, many have gone for screening, talked openly about HIV/AIDS, and joined social support groups.

“I am short of suitable words to use in thanking Africare! Before the construction of the new stove, I would require four big pieces of wood to cook food, sauce and boil drinking water, and would last only for two days. But nowadays I use the same wood to cook the same items for six days. This stove is a miracle to me. I get adequate time to work on the banana plantation.”

—Midres Koumuntare, Nyakakiri village, Itojo Sub-County.
Africare currently manages health activities in 22 countries and in addition to its HIV/AIDS work, focuses on child survival and maternal health, nutrition and health education, reproductive health, tuberculosis, and malaria prevention. Enabling communities to mobilize resources and develop partnerships is one of Africare’s effective approaches to improving the well-being of the people of Africa.

Tuberculosis (TB) is a serious health problem that results from poor sanitation and excessive density of people living in confined spaces. About a third of Africans who are infected with HIV/AIDS will die of tuberculosis, a disease that ravages lung tissue. Worldwide, about 5,000 people die every day from TB. Most of these deaths occur in Africa, where extreme poverty, crowded living conditions, lack of adequate health care, and HIV infection rates are exacerbating an already alarming TB crisis.

Africare’s approach to addressing TB is illustrated through our work with refugees in Senegal. Refugees returned home to the Ziguinchor region, in Southern Senegal, after a 20-year civil conflict and lived in makeshift camps. Despite the Ministry of Health’s involvement and the creation of a national TB program, tuberculosis remains one of the leading causes of morbidity in the area.

Responding to the rise in TB cases, Africare trained community health workers and local theater groups, who organized drama performances and comedy skits about TB, which taught people how to recognize and treat TB. Africare also sponsored radio shows as a way of extending the message to those living in rural communities and followed this by going door-to-door to spread the message. Due to these activities, stigma previously associated with TB in the community was reduced and more people started visiting health centers for TB testing.
“I wasn’t feeling too well, so I went to a traditional healer who diagnosed me with some mystical wind that had entered my lungs. I followed his treatment but to no avail. However, after attending a group discussion with the community health worker, I headed straight to the health center. Ever since I started their treatment, I have felt much better.”
—Ibrahima Coly, Village of Sindian

The strategy of empowering the community to take action is illustrative of Africare’s response to most health problems in Africa. In Zambia, for instance, Africare trained neighborhood health committees how to recognize their needs, take advantage of opportunities and to then to act. After the training, the Ntombimbi Neighborhood Health Committee in Zambia determined that diarrhea was the major health care problem in their community and that lack of clean drinking water was the cause. Empowered with proposal writing assistance provided by Africare, the neighborhood health communities worked together to create a proposal to a community health fund. With the assistance of Africare, the community built Ventilated Improved Pit Latrines and boreholes which also included dish and hand-washing facilities.

Africare’s Child Survival program in Uganda demonstrates how Africare takes a holistic approach to responding to the needs of children, particularly those between the ages of 0 to 5, by addressing child survival in the context of the entire household. Teaming with government health extension workers, Africare set up learning sites for mothers, child caretakers, and the community by using the “model home” concept. A model home is encouraged to have basic hygiene facilities such as a hand washing station, a backyard vegetable garden, a pit latrine, well-covered drinking water, and proper ventilation. Above all, the home should be well armed with basic health information, and the children should be fully immunized. Africare started by holding community meetings about the model homes, but because attendance was low, Africare devised a new strategy—house-to-house visits. These visits greatly increased participation in the model home activity.

Since the 1980s, Africare has implemented 15 Child Survival initiatives. In 2004, Africare managed Child Survival programs in Malawi, Senegal, Ethiopia, Uganda, Angola, Ghana, Tanzania, Benin and Liberia.

A Clinic Renovated, A Life Saved

Africare helped renovate three health clinics in the Kailahun District of Sierra Leone, where the residents were recovering from a civil war. At 1:00 p.m., at the Jojoima clinic, a nurse was teaching women the benefits of immunizations for children. Another health care worker was recording and weighing babies. Suddenly, a woman rushed into the clinic with her infant daughter, who was panting and shivering from a high fever. With treatment, the infant started breathing normally and the fever went down. The woman had lost three other children to diseases. Because of the clinic, a life was saved.
Many African communities and individual farmers run out of food before harvest—as much as 2 to 6 months before. Small land holdings, drought, nutrient-poor soil resulting from lack of crop diversity and rotation all contribute to these food shortages. To break this cycle, Africare is helping farmers plan how much food they need for the year and how to manage consumption every month. Africare works with farmers to identify ways to both grow more food and also to grow crops that are more nutritious. Africare provides training on how to process, store, and sell surplus crops to generate additional income to increase farmers’ household incomes. But to sell the food, farmers need to get it to the markets in the towns and cities. Africare helps the communities construct the roads needed to provide access to the market.

Our strategy in food security and agriculture is to work with farmers, cooperatives, women’s groups—which represent 75% of food production in Africa—and caretakers of children under age 5, to link food production to improved nutrition and income.

While working to reduce hunger, Africare also targets its activities to people with HIV/AIDS, who have added nutritional needs. Our activities in Zimbabwe illustrate this effort. The prolonged drought and food insecurity during the season in 2003 resulted in seed shortages in Zimbabwe. In response, Africare helped implement the Integrated Recovery Action program in four districts: Mutare, Makoni, Chikomba, and Shurugwi. These programs provided peanut butter and sunflower seed expressing machines to households and trained them to operate and maintain the machines. Household earnings increased and nutrition improved with participating farmers earning up to US$242 over 4 months and donating 20% of the peanut butter and cooking oil to households affected by HIV/AIDS (37% of households affected).
Food Security and Agriculture

Water Resources and Sanitation

Clean water—the essential ingredient for life—is another focus of Africare’s long term development work. Africare helps communities construct wells and dams, protect natural springs, and build diversion structures to slow runoff and channel water for irrigating crops. Land preservation is also essential to food security. As Africare has worked with communities to instill the connection between protecting the land and growing food, there has been a greater commitment to conserving Africa’s natural resources.

Women often travel long distances to gather water for drinking and bathing from polluted lakes,
Environmental and Natural Resource Management

Communities depend on their natural resources—forests, fertile land, and water—to produce food and generate income. What was once an abundance of natural resources in much of Africa is now regretfully often robbed of critical minerals and eroded topsoil. The land is now devoid of trees, which previously prevented erosion and provided precious wood for fuel and shelter. Africare helps communities throughout the African continent address these environmental conditions by encouraging conservation, while also offering strategies for addressing community resource needs and income generation requirements.

The People of Masheto

Here is an example of how Africare has made a difference. The people of Masheto village in Zambia were indiscriminately cutting down trees in the Lunaka Local Forest to cultivate cassava and millet. Several times, the Forest Department tried to persuade people to stop cutting trees in the local forests. In partnership with the Government of Zambia and the International Fund for Agricultural Development, Africare empowered over 45,000 people in fourteen working areas of Luapula to take charge of their forests. Africare helped the people form community groups to manage the forest and to turn honey and beeswax production into a business venture. The project also promotes using bamboo, rattan, and other forest products for income-generating activities such as furniture making.

rivers, and streams. Polluted water often results in illness that directly impacts children, who develop life-threatening water-borne diseases/illnesses such as diarrhea. In response, Africare helps local communities understand the connection between water and disease and helps them to identify clean versus polluted water sources. For instance, in the Godere District in Ethiopia, Africare worked with local government administrators, water technicians, public health workers, and rural development agents to identify the neediest villages and the most promising water sources. Then, the community developed and protected twelve natural springs to provide clean drinking water to 13,347 people in Godere District. The women and children, the primary porters of water, were especially pleased as they spent less time and energy fetching water.
Africare was founded in the midst of the prolonged drought in the Sahel in the 1970s. Since its inception, Africare has responded to nearly every natural and man-made emergency in Africa. Our approach is to provide for immediate needs such as water, shelter, food and emergency health care, while also working to assist in the longer-term goals of repatriating refugees or integrating them into new communities. In 2004, Africare provided care to the Sudanese refugees in Eastern Chad, started an emergency health and agriculture program in Sierra Leone, provided emergency food aid in Angola and Malawi, helped repatriate and care for Angolan refugees in Namibia, and assisted Burundian refugees in Tanzania with food and community services, while working with the U.S. Department of State, Bureau of Population and Refugee and Migration and the United Nations High Commissioner for Refugees (UNCHR).

While Africare was feeding Burundian refugees in the Mtabila and Muyovosi Refugee Settlements in Tanzania, it was also providing education from preschool to secondary school, as well as informal education. Over 30% of the camp population is involved in educational activities. Africare’s work also ensures that refugees aren’t left financially vulnerable, thus in 2004, many Africare-supported refugee groups were involved in income-generating activities. In Zambia—among mostly displaced Angolans—Africare promoted industrial projects such as oil processing, small trade business, and baking. In Liberia, after responding to an acute food crisis, Africare initiated a program of emergency food assistance in village areas where displaced persons were returning.

Many refugees return to countries without a public health system, a functioning government, fertile land, or clean water. Africare makes sure refugees are returned to their home countries in safety and
dignity by providing necessary logistical support during their journeys. Africare also provides them with knowledge and skills they need to become productive citizens in their home countries—rebuilding their lives, their homes, and their communities. For example, Africare trains trainers in such areas as organizational management at the provincial and commune levels, provides grants for developing organizations, and also supports setting up the essential infrastructure of society such as schools, health centers, water supply systems, and housing.

Photos left, right, and below from the Mtabila Refugee Camp, Tanzania. (Photos by Sheila MacKinnon)
Long-term development is linked to good governance. Without the proper infrastructure at the central and local government level, there can be no clean or adequate water and sanitation, basic education, preserved natural resources, or wage earning opportunities. Africare works in concert with communities at the local and state level, to achieve its goals in HIV/AIDS and health, agriculture and food security, and humanitarian aid.

Democracy and Governance

Over the years, Africare has encouraged the formation of thousands of village health committees, cooperatives, farmer’s associations, and other community-based groups. Respectful of existing systems, we have especially focused on working with local leaders and rural authorities through their traditional systems of governing.

The following scenario demonstrates how Africare helped strengthen a local government and illustrates the link between a strong local government and improved health.

For two decades, residents of Coubalan, part of the Ziguinchor region in southern Senegal, lived with civil conflict. The political system was chaotic, with no clear lines of local authority and little community involvement. In fact, the rebels threatened death if residents paid taxes. Once the rebels left, the elected Coubalan officials had trouble convincing traditional officials and citizens how important it was to pay taxes. Africare brought Coubalan’s elected leaders, village chiefs, residents, and other local leaders together to discuss how to best develop the community. During training sessions, Africare educated them about what was expected of them as leaders in the community and how to change the public’s perception of rural taxes and convince them to begin paying their share. These leaders...
especially needed the money to tackle malaria. Only one year later, Coubalan’s residents are confidently paying their rural tax—about $2.00 per person, with the result that they and their elected leaders have achieved the necessary resources and civil cooperation to combat malaria.

**Micro Enterprise Development**

Millions of Africans lack access to the formal financial sector. As a result, they cannot save, borrow, buy homes, or grow their businesses, which is a significant social and economic cost to the communities and countries in which they live. Through micro enterprise, small loans are given at reasonable rates to community entrepreneurs. In 2004, Africare helped set up micro-credit loans (53% of which went to women) to manage income-generating activities. For example, in the 37 villages and nine neighborhoods in Timbuktu City in Mali, committees of local authorities such as village chiefs and women’s representatives reviewed and approved micro-credit loans and collected the payments. As a result, a profitable and sustainable, national Micro-Finance Institution was formed, which is currently the largest lending institution in the region.

**Education**

Many believe education is the single greatest investment necessary to overcome poverty. Education empowers people to solve problems in their community, change behaviors that can lead to HIV/AIDS, produce and eat nutritious foods, and obtain knowledge to compete in the job market. In Rivers State, Nigeria, Africare teaches basic literacy and math skills in a community with a high incidence of HIV/AIDS, has improved vocational training opportunities for girls, genocide orphans, and other disadvantaged youth in Kigali, Rwanda, and paid for scholarships for HIV/AIDS orphans in the Ntungamo District in Uganda. Education spending reaps benefits toward many long-term development goals. In one instance, Africare linked two different sectors of need: preservation of the environment and community education. In the village of Wenthiewy in the Kaolack Region of Senegal, Africare helped establish a reforestation program, which planted over 3,000 trees on five acres of community land and led to a community education program for girls, ages 9-15 years. The trees will provide the village with firewood for the next hundred years. With support from the Banyan Tree Foundation, Africare also started educating girls in reading, writing and mathematics, as well providing vocational training. Children’s rights issues were added through a partnership with Amnesty International. The result: the project provided the girls with alternative choices for gainful livelihoods.
Africare Presents Humanitarian Award to Bill and Melinda Gates at Bishop Walker Memorial Dinner

Africare’s Bishop Walker Memorial Dinner in October 2003, was attended by nearly 2,000 corporate, national, and international leaders and others, who gathered to honor the recipient of the Bishop John T. Walker Distinguished Humanitarian Service Award, Bill and Melinda Gates. The award is named for the late John T. Walker, the first African-American Episcopal Bishop of Washington, DC. Over $1 million was raised from the evening.

Africare recognized Bill and Melinda Gates’ outstanding work in the arena of global health, including the African HIV/AIDS crisis; for raising public awareness both in the United States and abroad; and for encouraging, by example, activist philanthropy for a new generation and a new millennium. In a videotaped message Bill Gates, Jr. said, “Melinda and I believe that the random geography of a child’s birth should not determine his or her access to information, education, or a healthy life. “

–Bill Gates

Service Award from an organization that has advanced these fundamental beliefs for more than three decades. Africare has led the way to improving the lives of generations of Africans.” Mr. Bill Gates, Sr. accepted the award on behalf of his son and daughter-in-law.

In this keynote speech, Tommy Thompson, Secretary of Health and Human Services called Bill and Melinda Gates “examples for the world” because ‘they give of their time, their money, their resources, and their hearts.” U.S. Senate Majority Leader Bill Frist, M.D. said the HIV/AIDS crisis is the “most daunting moral, public health, and humanitarian challenge of the last 100 years.”
This year’s Bishop Walker Dinner was headed by National Honorary Patron, the Honorable Jimmy Carter; International Honorary Patrons, the chairmen of Africa’s major regional organizations: the African Union (President Chissano of Mozambique), CEMAC (President Sassou-Nguesso of the Republic of the Congo), COMESA (President al-Bashir of Sudan), ECOWAS (President Kufuor of Ghana), and SADC (President Mkapa of Tanzania); National Chair, the Honorable Louis W. Sullivan, M.D., Founder and President Emeritus, Morehouse School of Medicine, and former U.S. Secretary of Health and Human Services; and General Chairs, the Honorable Jack Kemp, Co-Director, Empower America, and former U.S. Secretary of Housing and Urban Development; and the Honorable Rodney Slater, Partner, Patton Boggs LLP, and former U.S. Secretary of Transportation. Maria Walker, wife of the late Bishop Walker, served as Honorary Chair.

Other participants included Maureen Bunyan, Anchor, WJLA-TV, as Mistress of Ceremonies; the Honorable George A. Dalley, Esq., Chairman of the Africare Board of Directors; and Julius E. Coles, President of Africare. Also featured in the program was a musical performance by the internationally renowned Senegalese musician Youssou Ndour; and remarks by the Honorable David Satcher, M.D., former U.S. Surgeon General and Director, National Center for Primary Care, Morehouse School of Medicine; the Honorable Barbara Lee, U.S. Representative (D-CA), member of the House Subcommittee on Africa, and HIV/AIDS activist; and the Honorable Ronald V. Dellums, Former Chairman, Presidential Advisory Council on HIV/AIDS, and former Congressman, California.
Major Donors

Africare is proud to give special recognition to its donors of $5,000 or more, in cash or in kind, during its fiscal year 2004.

Corporations

Abbott Laboratories
Atlantic Division
B.F. Saul Property Company
Bristol-Myers Squibb Company
ChevronTexaco Corporation
CIGNA Corporation
Coca-Cola Company
Comcast Cable Communications
Covance Inc.
DaimlerChrysler Corporation
Dell Computer Corporation
Deloitte Touche Tohmatsu
Discovery Communications, Inc.
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Fettig & Donalty, Inc.
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GlaxoSmithKline plc
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Lockheed Martin Corporation
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Mouton Insurance Brokerage, Inc.
Orasure Technologies, Inc.
Pfizer Inc.
RONCO Consulting Corporation
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Shell International Limited
United Therapeutics Corporation

Africare photos by Sheila MacKinnon
Foundations
Ann and Robert H. Lurie Foundation
Besser Foundation
Charles Spear Charitable Trust
Cruise Industry Charitable Foundation
ExxonMobil Foundation
Conrad N. Hilton Foundation
The International Foundation
John D. and Catherine T. MacArthur Foundation
Linda M. Dunbar Charitable Foundation
The Matthew 6 Foundation
The Mosaic Foundation
Paul and Patricia Taylor Foundation
Pan African Children’s Fund
The Rockefeller Foundation
Shaker Family Charitable Foundation
Sterling Foundation Management, LLC.
United Nations Foundation
Von Lehman and Good Charitable Foundation
William H. Donner Foundation, Inc.
Wolfensohn Family Foundation

Organizations and Individuals
African Development Bank Group
African Methodist Episcopal Church
African Virtual University
AfricaNet
Alpha Kappa Alpha Sorority, Inc., Howard University
Mr. Eric Bartels
Ms. Willie Grace Campbell
Michael and Tina Chambers
Christian Relief Services
The Honorable H.R. Crawford
Dearfield Associates, Inc.
Delta Sigma Theta Sorority, Inc.
Georgia State University
GoodWorks International, LLC
The Honorable James A. Harmon
Mrs. Cynthia R. Helms
International Finance Corporation
Mr. James A. Johnson
Mrs. Sheila C. Johnson
Mr. and Mrs. John and Jeanne Merten
The Links, Inc.
Metropolitan Baptist Church
Organizations and Individuals
Continued

The Moody Church (Chicago, IL)
Mr. Jim Moss
National Academy of Sciences
National Sorority of Phi Delta Kappa, Inc.
New York Community Trust
Open Society Institute
Oregon Shakespeare Festival
Ms. Jean A Smith
Mr. and Mrs. Robert D. Stillman
St. Peter Baptist Church
Summary of Programs

Africare's development and emergency assistance reached communities in 25 African countries during fiscal year 2004. These programs are summarized below (with donors in parentheses.)

**Angola**

Community-Based Malaria Intervention (ExxonMobil Foundation)

*Bie and Kuanza Sul*: Angolan Consortium for Development Relief (USAID/DCHA/FFP, USAID/Angola, ChevronTexaco); Polio eradication support activities (USAID)

*Cabinda, Cacongo, Bucozau, Belize*: Promotion of Household Food Security through Basic Food Crops Production to Families Surrounding the Oil Rich Producing Areas of Cabinda and Cacongo Municipalities (Sonangol, ChevronTexaco)

**Benin**

*Tangieta, Djidja, Nikki*: HIV/AIDS Training for UNDP Zones of Concentration (UNDP)


*Atlantique, Mono, Couffo, and Collines*: Benin HIV/AIDS Prevention (USAID)

*Port of Cotonou*: Prevention of AIDS in Mobile Populations (W.H. Donner Foundation)

**Burkina Faso**

*Loroum*: Loroum HIV/AIDS Service Corps (Alpha Kappa Alpha Sorority)

*Zondoma*: Zondoma Food Security Initiative (USAID/DCHA/FFP)

**Burundi**

*Gitega and Karusi*: Initiative for Return of Displaced Persons (USAID, ActionAid); Strengthening the NGO Sector Project (USAID, ActionAid)

*Karusi*: Community-Based Agriculture, I & II (IFAD); Karusi Food Security Initiative (USAID, ActionAid)

**Chad**

*Abéché*: Abéché Micro Credit (EU, PMR)

*Doba*: Africare Project for Agriculture and Livestock Marketing (IFC, World Bank)

*Nya Doba*: Nya Doba Agricultural Production and River Blindness Prevention Project (USDA)

*Ouaddai and Assongha*: Ouaddai Food Security Initiative (USAID/DCHA/FFP)

**Cote d’Ivoire**

*Abidjan Port*: Prevention of HIV/AIDS in Mobile Populations (W.H. Donner Foundation)

*Denguelé*: Grassroots Support for Reconstruction/Reinstallation and Social Integration (UNDP); Agricultural, Health and Development Enterprise (USDA)

**Eritrea**

*Tsada*: Tsada Health Center (general contributions, Africare)

*Naro*: Naro HIV/AIDS Service Corps (Africare); Naro Irrigated Agriculture Project (USAID)

**Ethiopia**

*Gambella*: Emergency Education Support (Swarthmore College Soccer Clinic fundraiser); Water for Child Health (Besser Foundation, Alpha Kappa Alpha, Phi Delta Kappa, Flora Foundation, Kite)
**Egypt**

*Aswan Governorate (Wadi El Saayda):*
Agricultural development, export production, and marketing (Government of Egypt)

**Ghana**

*Adabraka, Osu, and Greater Accra:*
HIV/AIDS Service Corps (Africare)

**Guinea**

*Dinguiraye and Dabola:*
Guinea Food Security Initiative (USAID/DCHA/FFP); Service Corps II (W.H. Donner Foundation)

**Liberia**

Improved Community Health Project (USAID); HIV/AIDS West Africa Regional Program (WARP) Ambassador’s Fund (WARP Ambassador’s Fund, USAID); (USAID/DCHA/FFP); Essential Drugs Program (International Foundation)

*Monrovia:*
Behavior Change Communication for Water and Sanitation (UNICEF); Title II Emergency Feeding Project (USAID/DCHA/FFP); Essential Drugs Program (International Foundation)

*Saclepea, Nimba County:*
Promotion of Improved Feeding Practices (UNICEF)

**Malawi**

Cooperatively Guarding Women’s, Infants, and Children’s Nutrition Status through Emergency Supplementary Feeding in Malawi (OFDA)

*Mzimba and Ntcheu:*
Sustaining Productive Livelihood through Inputs for Assets (DFID, CARE); Youth Empowerment and Support (Bill and Melinda Gates Foundation)

*Mzimba, Ntcheu, Nkhatabay:* Agricultural Recovery Through Seed Distribution (USAID, OFDA, CARE)

**Mozambique**

Manica Expanded Food Security Initiative (USAID/DCHA/FFP, USAID/Mozambique)

**Namibia**

*Caprivi, Katima Mulilo:*
Caprivi Food Security and Nutrition Project (Bristol-Myers Squibb)

*Osire:*
Repatriation of Refugees from Namibia (USAID); Care and Management of Refugees in Osire Refugee Settlement (UNHCR)

**Niger**

*Niamey, Maradi, and Dosso:*
NGO Institutional Strengthening and Decentralization (National Endowment for Democracy)

*Boboye:*
HIV/AIDS Service Corps (Africare)

*Tchirozerene and Arlit:*
Civic Education through Rural Radios (USAID)

*Tchirozerene, Arlit, Konni, Dogondoutchi, Tanout, Illela, Matamaye:*
Food Security Initiatives in Niger (USAID/DCHA/FFP)
Nigeria

Abuja: Independent Policy Group (Soros Foundation, UNDP, Africare)

Niger Delta: Health Integrated Project (SPDC, Nigeria, Africare)

Rivers State: Lueka Literacy for HIV/AIDS Prevention and Impact Mitigation (anonymous donor through the Sterling Foundation); Rivers State Enhanced Care of Orphans (CEDPA, USAID, W.H. Donner Foundation, SPDC, Carinoso); Sogho Community VITACOW Project (USAID, Pan-African Children's Fund)


Rwanda


Senegal

Kaolack: Nioro Community-Based Health, Phase II (British Embassy); Senegal HIV/AIDS Service Corps (W.H. Donner Foundation); Kaolack Credit Monitoring Unit (Africare)

Kaolack and Tambacounda: Nutrition and Health Activity Support and Reinforcement Project (Government of Senegal, World Bank)

Maka: Maka Community Health Project (JICA)

Tambacounda: Tambacounda Micro-Enterprise Development Project (UNDP, African Development Bank, Africare); Tambacounda Healthy Start Project (USAID)

Ziguinchor, Casamance: Casamance Decentralization Project (DGL Felo)

Ziguinchor: Senegal Tuberculosis and Malaria Program (USAID Senegal)

Sierra Leone

Emergency Health and Agriculture (USAID, OFDA)

Kailahun: Consortium for Relief and Development (USAID/DCHA/FFP, CARE)

Makeni Town: Makeni Tie-Dye Project (Former Peace Corps Volunteers)

South Africa

Rural Enterprise and Agribusiness (USDA); Management (Agribusiness Development Trust); St. Paul Youth in Agricultural (St. Paul Church, Limpopo)

Tanzania

Ugalla Community Conservation Project (USAID); Kasulu: Mtabila/Muyovosi Refugee Settlement Project (UNHCR, U. S. State Department)

Uganda

Communities Responding to the HIV/AIDS Epidemic (CORE) Secretariat (USAID/National Malaria and Childhood Illnesses NGO, CORE Group)

Kabale: Enabling Rural Initiatives — Beyond Agricultural Productivity to Poverty Alleviation (CIAT, Africare)

Kanungu: Uganda Malaria Partnership Program Project (Glaxo-Smith Kline, AMREF)

Kabale, Kisoro, Kanungu, Ntungamo, and Rukungiri: Southwestern Uganda Sustainable Natural Resource Management Project (USAID, ECOTRUST); Uganda Food Security Initiatives, Phase II (USAID/DCHA/FFP)

Kisoro: Control of Bean Root Rot Disease (National Agricultural Research Organization, Maendeleo Agriculture Technology Fund)
Ntungamo: Natural Resources Management -HIV/AIDS (USAID, ECOTRUST); The Africare Village Well Project (The African Well Fund); HIV/AIDS Prevention (Phi Delta Kappa Sorority); Africare/World Space HIV/AIDS Initiative (USAID); Community-Based Integrated Management of Childhood Illness (CIMCI) Project (USAID); Title II HIV/AIDS (USAID, ACDI-VOCA); Rwentobo High School (Africare); Water for Child Health (The Starr Foundation, UNICEF); HIV/AIDS Service Corps (Africare)

Zambia

Zambia Integrated Health Programme (USAID, Johns Hopkins University Bloomberg School of Public Health)

Chipata: Smallholder Enterprise and Marketing Program (IFAD); HIV/AIDS Service Corps (Africare)

Eastern Province: Youth Empowerment and Support (Bill and Melinda Gates Foundation); The Agricultural Rural Credit Facility for Eastern Province (ADB)

Kasama: Pilot Demonstration for Adoption of the SONGHAI Center Model at Kasama Youth Center (UNDP)

Luapala Province: Forest Resource Management Project (IFAD)

Lundazi: HIV/AIDS Service Corps (Africare)

Zimbabwe

Community-Based Orphan Care, Protection and Empowerment” for “Children Affected By AIDS (Catholic Relief Services); Pro-Food Midlands (IFAD); Mashonaland/Midlands Integrated Recovery Action (Bill and Melinda Gates Foundation, OFDA); Soybean Market Linkage Project (Rockefeller Foundation)

Mutasa: Communication for Social Change (Rockefeller Foundation); HIV/AIDS Service Corps-Mutasa HIV Male Empowerment (Ireland Aid, John Snow, Inc.)
Acronyms

ADB: African Development Bank
AMREF: The African Medical and Research Foundation
BHR: Bureau for Humanitarian Response
CEDPA: The Centre for Development and Population Activities
CIAT: Centro Internacional de Agricultura Tropical
CORE: Communities Responding to the HIV/AIDS Epidemic
CRS: Catholic Relief Services
DCHA: Democracy, Conflict and Humanitarian Assistance
DFID: Department for International Development
DGL: Decentralization Gouvernance Locale
ECOTRUST: Environmental Conservation Trust of Uganda
EU: European Union
FHI: Family Health International
IFAD: International Fund for Agricultural Development
IFC: International Finance Corporation
JICA: Japan International Cooperation Agency
PMR: Micro-Realizations Program
SPDC: Shell Petroleum Development Corporation
UNAIDS: Joint United Nations Programme on HIV/AIDS
UNDP: United Nations Development Programme
UNESCO: United Nations Educational, Scientific and Cultural Organization
UNHCHR: United Nations High Commissioner for Refugees
UNICEF: United Nations Children’s Fund
USAID: United States Agency for International Development
USDA: United States Department of Agriculture
WARP: West Africa Regional Program
WFP: World Food Programme
WHO: World Health Organization
Report of Independent Auditors

To Board of Directors
of Africare

In our opinion, the accompanying statement of financial position and the related statements of activities and changes in net assets, cash flows, and expenses by function present fairly, in all material respects, the financial position of Africare at June 30, 2004, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America. These financial statements are the responsibility of the Africare’s management. Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit of these statements in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

October 14, 2005
# Statement of Financial Position

**As of June 30, 2004**

## Assets
- **Cash and cash equivalents**: $13,717,458
- **Investments**: $6,739,305
- **Total cash and investments**: $20,456,763
- **Accounts receivable, Combined Federal Campaign**: $13,424
- **Grants and support receivable (net of allowance for doubtful accounts of $507,705):**
  - U.S. Federal Government: $5,829,451
  - Foreign governments and international organizations: $1,147,067
  - Private and other: $131,372
  - **Total grants and support receivable**: $7,107,890
- **Employee receivables and advances**: $64,221
- **Other receivables and advances (net of allowance for doubtful accounts of $228,426)**: $286,427
- **Total current assets**: $27,928,725
- **Investments, noncurrent**: $3,018,063
- **Property and equipment**:
  - Land: $224,756
  - Donated artwork: $579,135
  - Building: $2,253,222
  - Furniture and equipment: $1,951,629
  - Less accumulated depreciation: $(2,461,434)
  - **Total property and equipment, net**: $2,547,308
- **Other assets**: $280,958
- **Total assets**: $33,775,054

## Liabilities and Net Assets
### Liabilities
- **Accounts payable**: $4,134,482
- **Accrued payroll and related expenses**: $675,455
- **Pension payable**: $390,454
- **Lease payable - current portion**: $42,830
- **Total current liabilities**: $5,243,221
- **Deferred revenues**:
  - U.S. Federal Government: $14,618,025
  - Foreign governments and international organizations: $1,109,800
  - Private and other: $588,596
  - **Total deferred revenue**: $16,316,421
- **Lease payable - non current portion**: $110,556
- **Total liabilities**: $21,670,198

### Net assets
- **Unrestricted net assets**: $8,764,664
- **Temporarily restricted net assets**: $322,129
- **Permanently restricted net assets**: $3,018,063
- **Total net assets**: $12,104,856
- **Total Liabilities and Net Assets**: $33,775,054

The accompanying notes are an integral part of these financial statements.
### Statement of Activities and Changes in Net Assets

**Year Ended June 30, 2004**

<table>
<thead>
<tr>
<th>Revenue</th>
<th>Unrestricted</th>
<th>Temporarily Restricted</th>
<th>Permanently Restricted</th>
<th>2004 Total</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Public support</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Foundations and trusts</td>
<td>$2,694,377</td>
<td>$</td>
<td>-</td>
<td>$</td>
</tr>
<tr>
<td>Contributions and other grants</td>
<td>6,249,983</td>
<td>192,882</td>
<td>-</td>
<td>6,442,865</td>
</tr>
<tr>
<td>Special events</td>
<td>977,639</td>
<td>-</td>
<td>-</td>
<td>977,639</td>
</tr>
<tr>
<td>Combined federal campaign</td>
<td>165,349</td>
<td>-</td>
<td>-</td>
<td>165,349</td>
</tr>
<tr>
<td>Donated services and materials</td>
<td>7,330,441</td>
<td>-</td>
<td>-</td>
<td>7,330,441</td>
</tr>
<tr>
<td><strong>Total public support</strong></td>
<td>17,417,789</td>
<td>192,882</td>
<td>-</td>
<td>17,610,671</td>
</tr>
<tr>
<td><strong>U.S. government grants</strong></td>
<td>27,860,054</td>
<td>-</td>
<td>-</td>
<td>27,860,054</td>
</tr>
<tr>
<td><strong>Foreign governments</strong></td>
<td>981,940</td>
<td>-</td>
<td>-</td>
<td>981,940</td>
</tr>
<tr>
<td><strong>Total governmental support</strong></td>
<td>28,841,994</td>
<td>-</td>
<td>-</td>
<td>28,841,994</td>
</tr>
<tr>
<td><strong>Investment income</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Interest and dividends</td>
<td>543,133</td>
<td>-</td>
<td>-</td>
<td>543,133</td>
</tr>
<tr>
<td>Gain on sale of securities, net</td>
<td>909,666</td>
<td>-</td>
<td>-</td>
<td>909,666</td>
</tr>
<tr>
<td>Unrealized gains, net</td>
<td>217,036</td>
<td>-</td>
<td>-</td>
<td>217,036</td>
</tr>
<tr>
<td><strong>Total investment income</strong></td>
<td>1,669,835</td>
<td>-</td>
<td>-</td>
<td>1,669,835</td>
</tr>
<tr>
<td><strong>Other revenue</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Membership dues</td>
<td>13,700</td>
<td>-</td>
<td>-</td>
<td>13,700</td>
</tr>
<tr>
<td>Miscellaneous income</td>
<td>1,668,037</td>
<td>-</td>
<td>-</td>
<td>1,668,037</td>
</tr>
<tr>
<td><strong>Net assets released from program restrictions - satisfaction of program restrictions</strong></td>
<td>175,937</td>
<td>(175,937)</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total other revenue and support</strong></td>
<td>1,857,674</td>
<td>(175,937)</td>
<td>-</td>
<td>1,681,737</td>
</tr>
<tr>
<td><strong>Total revenue and support</strong></td>
<td>49,787,292</td>
<td>16,945</td>
<td>-</td>
<td>49,804,237</td>
</tr>
<tr>
<td><strong>Expenses</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Program services</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>General</td>
<td>1,845,532</td>
<td>-</td>
<td>-</td>
<td>1,845,532</td>
</tr>
<tr>
<td>Food security, relief, and refugee assistance</td>
<td>16,299,602</td>
<td>-</td>
<td>-</td>
<td>16,299,602</td>
</tr>
<tr>
<td>Health</td>
<td>10,060,342</td>
<td>-</td>
<td>-</td>
<td>10,060,342</td>
</tr>
<tr>
<td>Water resources development</td>
<td>319,068</td>
<td>-</td>
<td>-</td>
<td>319,068</td>
</tr>
<tr>
<td>Agriculture and small scale irrigation</td>
<td>12,141,817</td>
<td>-</td>
<td>-</td>
<td>12,141,817</td>
</tr>
<tr>
<td>Integrated rural development</td>
<td>5,355,832</td>
<td>-</td>
<td>-</td>
<td>5,355,832</td>
</tr>
<tr>
<td><strong>Total program services</strong></td>
<td>46,022,193</td>
<td>-</td>
<td>-</td>
<td>46,022,193</td>
</tr>
<tr>
<td>Supporting services</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Management and general</td>
<td>3,746,551</td>
<td>-</td>
<td>-</td>
<td>3,746,551</td>
</tr>
<tr>
<td>Fundraising</td>
<td>604,506</td>
<td>-</td>
<td>-</td>
<td>604,506</td>
</tr>
<tr>
<td><strong>Total supporting services</strong></td>
<td>4,351,057</td>
<td>-</td>
<td>-</td>
<td>4,351,057</td>
</tr>
<tr>
<td><strong>Total expenses</strong></td>
<td>50,373,250</td>
<td>-</td>
<td>-</td>
<td>50,373,250</td>
</tr>
<tr>
<td><strong>Changes in net assets</strong></td>
<td>(585,958)</td>
<td>16,945</td>
<td>-</td>
<td>(569,013)</td>
</tr>
<tr>
<td><strong>Net assets, beginning of year</strong></td>
<td>9,350,622</td>
<td>305,184</td>
<td>3,018,063</td>
<td>12,673,869</td>
</tr>
<tr>
<td><strong>Net assets, end of year</strong></td>
<td>$8,764,664</td>
<td>$322,129</td>
<td>$3,018,063</td>
<td>$12,104,856</td>
</tr>
</tbody>
</table>

The accompanying notes are an integral part of these financial statements.
Statement of Cash Flows
Year Ended June 30, 2004

Cash flows from operating activities
Change in net assets $(569,013)
Adjustments to reconcile changes in net assets to net cash provided by operating activities:
  Depreciation and amortization 191,667
  Provision for doubtful accounts receivable 2,100,213
  Net realized and unrealized gains on investments (1,126,702)
Changes in assets and liabilities:
  Net decrease in other assets and prepaid pension cost 133,616
  Net decrease in employee receivables, other receivables and advances 133,685
  Increase in grants and support receivable (4,396,481)
  Decrease in accounts payable and accrued expenses (286,024)
  Increase in pension liability 249,113
  Decrease in deferred revenue (3,545,702)
  Net cash used in operating activities (7,115,628)

Cash flows from investing activities
Purchase of property and equipment (276,666)
Purchase of investments (5,652,438)
Sales of investments 9,776,963
  Net cash provided by investing activities 3,847,859

Cash flows from financing activities
Proceeds from capital leases 58,192
  Net cash provided by financing activities 58,192

Decrease in cash and cash equivalents (3,209,577)
Cash and cash equivalents, beginning of year 16,927,035
Cash and cash equivalents, end of year $13,717,458

Non cash transactions
Donated services and materials $7,330,441

The accompanying notes are an integral part of these financial statements.
### Statement of Functional Expenses

<table>
<thead>
<tr>
<th></th>
<th>Food Security, Relief, and Refugee Assistance</th>
<th>Health</th>
<th>Water Resources Development</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Program Services</strong></td>
<td><strong>General</strong></td>
<td><strong>Supporting Services</strong></td>
<td></td>
</tr>
<tr>
<td>Salaries, and fringe benefits</td>
<td>$544,988</td>
<td>$4,045,153</td>
<td>$3,371,513</td>
</tr>
<tr>
<td>Freight</td>
<td>450</td>
<td>7,519,409</td>
<td>33,948</td>
</tr>
<tr>
<td>Travel, relocation and housing</td>
<td>120,700</td>
<td>522,992</td>
<td>590,595</td>
</tr>
<tr>
<td>Construction, subcontracts, and other services</td>
<td>14,627</td>
<td>238,025</td>
<td>1,164,515</td>
</tr>
<tr>
<td>Supplies and materials</td>
<td>169,437</td>
<td>989,670</td>
<td>489,735</td>
</tr>
<tr>
<td>Rent and occupancy charges</td>
<td>47,214</td>
<td>318,305</td>
<td>474,177</td>
</tr>
<tr>
<td>Conferences, conventions and meetings</td>
<td>80,465</td>
<td>214,265</td>
<td>524,038</td>
</tr>
<tr>
<td>Vehicle purchases, repair and maintenance</td>
<td>169,322</td>
<td>542,643</td>
<td>855,369</td>
</tr>
<tr>
<td>Professional and contractual services</td>
<td>70,591</td>
<td>45,129</td>
<td>210,050</td>
</tr>
<tr>
<td>Telephone, postage and delivery</td>
<td>41,588</td>
<td>123,381</td>
<td>164,524</td>
</tr>
<tr>
<td>Office equipment and furnishings</td>
<td>14,553</td>
<td>49,742</td>
<td>110,214</td>
</tr>
<tr>
<td>Insurance</td>
<td>15,803</td>
<td>54,281</td>
<td>79,468</td>
</tr>
<tr>
<td>Advertising</td>
<td>5,402</td>
<td>26,182</td>
<td>15,339</td>
</tr>
<tr>
<td>Office equipment rental</td>
<td>11,409</td>
<td>53,172</td>
<td>40,816</td>
</tr>
<tr>
<td>Legal and audit</td>
<td>1,112</td>
<td>4,121</td>
<td>3,417</td>
</tr>
<tr>
<td>Recruitment</td>
<td>578</td>
<td>6,374</td>
<td>3,061</td>
</tr>
<tr>
<td>Depreciation</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Other</td>
<td>270,850</td>
<td>406,578</td>
<td>106,548</td>
</tr>
<tr>
<td><strong>Total expenses before indirect costs</strong></td>
<td><strong>1,579,089</strong></td>
<td><strong>15,159,422</strong></td>
<td><strong>8,237,327</strong></td>
</tr>
<tr>
<td>Indirect costs</td>
<td>266,443</td>
<td>1,140,180</td>
<td>1,823,015</td>
</tr>
<tr>
<td><strong>Total expenses</strong></td>
<td><strong>$1,845,532</strong></td>
<td><strong>$16,299,602</strong></td>
<td><strong>$10,060,342</strong></td>
</tr>
</tbody>
</table>
### Year Ended June 30, 2004

#### Statement of Functional Expenses

<table>
<thead>
<tr>
<th>Program Services</th>
<th>Supporting Services</th>
<th>Total</th>
<th>Management and General</th>
<th>Fundraising</th>
<th>Total</th>
<th>Total Expenses</th>
</tr>
</thead>
<tbody>
<tr>
<td>Agriculture and Small-scale Irrigation</td>
<td>Integrated Rural Development</td>
<td>Total</td>
<td>$4,082,459</td>
<td>$193,450</td>
<td>$4,275,909</td>
<td>$16,850,852</td>
</tr>
<tr>
<td>$2,957,492</td>
<td>$1,547,660</td>
<td>$12,574,943</td>
<td>10,628</td>
<td>-</td>
<td>10,628</td>
<td>7,646,930</td>
</tr>
<tr>
<td>81,058</td>
<td>1,284</td>
<td>7,636,302</td>
<td>447,867</td>
<td>8,846</td>
<td>456,713</td>
<td>2,777,795</td>
</tr>
<tr>
<td>719,730</td>
<td>346,803</td>
<td>2,321,082</td>
<td>13,192</td>
<td>189,604</td>
<td>202,796</td>
<td>3,445,237</td>
</tr>
<tr>
<td>1,463,408</td>
<td>308,095</td>
<td>3,242,441</td>
<td>137,494</td>
<td>49,141</td>
<td>186,635</td>
<td>3,953,797</td>
</tr>
<tr>
<td>1,534,683</td>
<td>541,225</td>
<td>3,767,162</td>
<td>684,803</td>
<td>-</td>
<td>684,803</td>
<td>2,082,527</td>
</tr>
<tr>
<td>336,584</td>
<td>221,129</td>
<td>1,397,724</td>
<td>137,902</td>
<td>10,617</td>
<td>148,519</td>
<td>1,310,310</td>
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<tr>
<td>236,582</td>
<td>102,566</td>
<td>1,161,791</td>
<td>156,068</td>
<td>6,637</td>
<td>162,705</td>
<td>3,846,907</td>
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<tr>
<td>1,372,894</td>
<td>725,993</td>
<td>3,684,202</td>
<td>865,468</td>
<td>40,955</td>
<td>906,423</td>
<td>1,563,721</td>
</tr>
<tr>
<td>216,456</td>
<td>115,072</td>
<td>657,298</td>
<td>273,999</td>
<td>15,173</td>
<td>289,172</td>
<td>978,855</td>
</tr>
<tr>
<td>238,389</td>
<td>120,182</td>
<td>689,683</td>
<td>234,589</td>
<td>115,137</td>
<td>349,726</td>
<td>1,124,205</td>
</tr>
<tr>
<td>84,483</td>
<td>114,193</td>
<td>373,631</td>
<td>117,934</td>
<td>5,555</td>
<td>123,489</td>
<td>497,120</td>
</tr>
<tr>
<td>70,465</td>
<td>33,856</td>
<td>253,967</td>
<td>224,942</td>
<td>-</td>
<td>224,942</td>
<td>478,909</td>
</tr>
<tr>
<td>14,075</td>
<td>16,599</td>
<td>77,861</td>
<td>15,346</td>
<td>5,866</td>
<td>21,212</td>
<td>99,073</td>
</tr>
<tr>
<td>70,747</td>
<td>33,533</td>
<td>210,052</td>
<td>70,235</td>
<td>-</td>
<td>70,235</td>
<td>280,287</td>
</tr>
<tr>
<td>10,006</td>
<td>6,643</td>
<td>25,299</td>
<td>456,990</td>
<td>-</td>
<td>456,990</td>
<td>482,289</td>
</tr>
<tr>
<td>7,303</td>
<td>2,428</td>
<td>19,744</td>
<td>5,780</td>
<td>-</td>
<td>5,780</td>
<td>25,524</td>
</tr>
<tr>
<td>-</td>
<td>-</td>
<td>-</td>
<td>191,667</td>
<td>-</td>
<td>191,667</td>
<td>191,667</td>
</tr>
<tr>
<td>449,073</td>
<td>97,919</td>
<td>1,336,901</td>
<td>2,445,887</td>
<td>78,662</td>
<td>2,524,549</td>
<td>3,861,450</td>
</tr>
<tr>
<td>9,863,428</td>
<td>4,335,180</td>
<td>39,430,083</td>
<td>10,338,661</td>
<td>604,506</td>
<td>10,943,167</td>
<td>50,373,250</td>
</tr>
<tr>
<td>2,278,389</td>
<td>1,020,652</td>
<td>6,592,110</td>
<td>6,592,110</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>$12,141,817</td>
<td>$5,355,832</td>
<td>$46,022,193</td>
<td>$3,746,551</td>
<td>$604,506</td>
<td>$4,351,057</td>
<td>$50,373,250</td>
</tr>
</tbody>
</table>

The accompanying notes are an integral part of these financial statements.
Notes to Financial Statements

1. Organization

Founded in 1970, Africare is a private, nonprofit organization dedicated to improving the quality of life in Africa. Africare provides assistance in three principal areas — food security, agriculture and health. Africare’s financial support comes from charitable foundations, corporations, the religious community, other private organizations, the U.S. government, local agencies, foreign institutions, and individuals. Its headquarters is in Washington, D.C. During fiscal year 2004, Africare had field offices in 25 African countries.

Africare has six core programs which are:

General – includes activities such as literacy and vocational training, micro-enterprise, civil-society development and governance and emergency humanitarian aid that are outside of and compliment Africare’s principal program areas.

Food security, relief and refugee assistance – includes activities that use a combination of food resources aimed at improving food access, availability, and utilization to promote active and healthy lives. Refugee assistance involves providing emergency aid to victims of natural and man-made disasters.

Health – includes activities to establish and strengthen rural health clinics and primary health services networks where basic medical care is limited or non-existent.

Water resources development – includes activities to increase water supplies, improve water distribution systems and water portability/sanitation throughout Africa. Specific work includes well construction, construction of irrigation systems and village level sanitation infrastructure.

Agriculture and small scale irrigation – includes services that focus on all aspects of food production and utilization, from improved cultivation of crops, livestock, agricultural irrigation and natural resource management to farm infrastructure and farmer credit and training in agribusiness practices.

Integrated rural development – provides services to support rural areas needing help in water resources, irrigation, agriculture and health clinics to reduce shortages of essential food, water and services caused by drought and large influxes of immigrants.

The accompanying financial statements include the operations of Africare’s headquarters and field offices.

2. Summary of Significant Accounting Policies

Basis of Accounting

The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America.

Cash and cash equivalents

Africare maintains numerous bank accounts in many countries in order to finance grant funded projects. Cash and cash equivalents consist of cash on hand and in banks, and all highly liquid investments with an original maturity of three months or less. Cash and cash equivalents held in the United States of America (“U.S.”) are insured according to FDIC regulations, while those that are maintained overseas are largely uninsured. Total cash and cash equivalents held in the U.S. was $2,212,410 as of June 30, 2004 of which $788,119 exceeded the FDIC insurance limits. In overseas accounts, Africare had $11,505,048 in cash and cash equivalents as of June 30, 2004. Africare has not experienced a loss due to concentration of credit risk. The fair value of cash and cash equivalents approximates their respective carrying value.

Investments

Investments consist of U.S. Government bonds, corporate bonds, common stocks, and mutual funds. Investments in marketable securities and all debt securities are recorded at fair value, which is based on quoted market prices or dealer quotes. Gains and losses arising from the sale, maturity, or other disposition of investments are accounted for on a specific identification basis calculated as of the trade date. Unrealized and realized gains and losses are reported as investment income on the statement of activities. Investment income is reported as unrestricted revenue unless stipulated for a specific purpose by a donor.

Property and Equipment

Property and equipment are recorded at cost if purchased or, if donated, at the fair value at the date of the gift. Fixed assets greater than $5,000 are capitalized and depreciated over their estimated useful life using the straight-line basis of depreciation. The estimated useful lives of each class of assets are as follows:
Buildings 50 years
Furniture and equipment 3 years
Vehicles 3 years

Fixed assets acquired with grant funds are expensed as a cost of the grant when purchased.

**Net Assets**

Resources are classified for accounting and reporting purposes in three classes of net assets based on the existence or absence of donor-imposed restrictions. A description of the three net asset classes are as follows:

**Unrestricted Net Assets** – Net assets that are not subject to donor-imposed stipulations. The Board of Directors has designated certain unrestricted assets to be accounted for as an endowment. Such funds principally include a portion of the proceeds received from the Bishop Walker Dinner and investment earnings because donors did not place restrictions on them.

**Temporarily Restricted Net Assets** – Net assets subject to donor-imposed purpose restriction or time restrictions that may be met either by actions of Africare or the passage of time.

**Permanently Restricted Net Assets** – Net assets subject to donor-imposed stipulations that they be maintained permanently by Africare. These assets are invested by Africare's management. There are no restrictions placed on the use of investment earnings. Accordingly, investment income is recorded as unrestricted revenue.

**Revenue Recognition**

**Contributions and public support** – All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are designated for future periods or are restricted by the donor for specific purposes are recorded as temporarily restricted support.

When a donor restriction expires, that is when a stipulated time restriction ends or the purpose for the donor restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and are reported in the statement of activities as net assets released from restrictions. Restricted contributions received in the same year in which the restrictions are met are recorded as unrestricted support.

**Grants** – Africare receives funding under grants and contracts from U.S. and foreign governments, international organizations and other grantors for direct and indirect program costs. This funding is subject to contractual restrictions, which must be met through incurring qualifying expenses for particular programs. Accordingly, such grants are considered exchange transactions and are recorded as unrestricted income to the extent that related expenses are incurred in compliance with the criteria stipulated in the grant agreements.

Grants and support receivable represents amounts due from funding organizations for reimbursable expenses incurred in accordance with the grant agreements. Deferred revenue represents grant funding received in advance of incurring the related expenses.

**Agricultural Commodities** – Africare receives agricultural commodities at no cost from agencies of the U.S. government for distribution under contracts related to specific relief programs, monetization with the cash proceeds to be used for Africare projects, or monetization with the proceeds distributed to other non-profit organization partners.

Commodities received that are to be sold (monetized), where the related proceeds are designated for Africare project activities, are recorded as deferred revenue when the cash proceeds are received. Revenue and expense are recognized when the proceeds are utilized for project activities.

Commodities received that are to be sold (monetized), where the related proceeds are designated for other non-profit organizations, are recorded as a liability until the funds are distributed to those other organizations.

**Donated Services, Materials, Furniture, and Equipment** – Donated services, materials, furniture, and equipment are recorded at the fair value of the donated items and are included as public support in the accompanying financial statements. Approximately $6.9 million of donated freight was provided by USAID.

**Compensated Absences**

Employees of Africare are entitled to paid vacations and sick leave depending on their length of the service. Upon termination or retirement, employees are entitled to receive compensation at their current base salary for all unused vacation leave. Unused sick leave is canceled upon termination of employment, with no compensation to the employee.

**Foreign Currency**

The U.S. dollar is the functional currency of Africare. Transactions in currencies other than dollars are translated into dollars at the rates of exchange in effect during the month of the transaction. Property and equipment...
purchases with non-U.S. currency are translated into dollars at the exchange rate in effect at the time of purchase. Current assets and liabilities denominated in non-U.S. currency are translated into dollars at the exchange rate in effect at the date of the balance sheet. The net gain from foreign currency of $557,513 for the fiscal year ended June 30, 2004 is included in other expenses on the statement of functional expenses.

Functional Allocation of Expenses

Direct and identifiable expenses are charged to specific programs and supporting services. Employees’ salaries are allocated to programs and supporting services based on time incurred. Management and general expenses include those expenses that are not directly identifiable with any other specific function but provide for the overall support of Africare.

Income Taxes

Africare is a nonprofit organization exempt from federal income taxes on income other than unrelated business income under Section 501(c)(3) of the Internal Revenue Code.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make certain estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

3. Investments

Investments are presented in the financial statements at fair value. As of June 30, 2004, investments were comprised of the following:

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>U.S. Government bonds</td>
<td>$2,581,610</td>
</tr>
<tr>
<td>Corporate bonds</td>
<td>1,100,051</td>
</tr>
<tr>
<td>Common stocks</td>
<td>5,805,188</td>
</tr>
<tr>
<td>Mutual funds</td>
<td>270,519</td>
</tr>
<tr>
<td>Total</td>
<td>$9,757,368</td>
</tr>
</tbody>
</table>

4. Temporarily and Permanently Restricted Net Assets

Temporarily restricted net assets are available for the following purposes:

<table>
<thead>
<tr>
<th>Purpose</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>General programs</td>
<td>$145,207</td>
</tr>
<tr>
<td>Food security, relief and refugee assistance</td>
<td>6,287</td>
</tr>
<tr>
<td>Health</td>
<td>107,029</td>
</tr>
<tr>
<td>Agriculture and small scale irrigation programs</td>
<td>150</td>
</tr>
<tr>
<td>Water resources development</td>
<td>37,426</td>
</tr>
<tr>
<td>Integrated rural development</td>
<td>26,030</td>
</tr>
<tr>
<td>Total temporarily restricted net assets</td>
<td>$322,129</td>
</tr>
</tbody>
</table>

Temporarily restricted net assets were released for the following purposes:

<table>
<thead>
<tr>
<th>Purpose</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>General programs</td>
<td>$65,830</td>
</tr>
<tr>
<td>Food security, relief and refugee assistance</td>
<td>2,294</td>
</tr>
<tr>
<td>Health</td>
<td>95,958</td>
</tr>
<tr>
<td>Water resources development</td>
<td>11,855</td>
</tr>
<tr>
<td>Total net assets released from restrictions</td>
<td>$175,937</td>
</tr>
</tbody>
</table>

In accordance with donor stipulations, permanently restricted net assets are held (and invested) in perpetuity, the income from which has not been restricted by donors. Investment income earned from permanently restricted endowment was $85,900 for the year ended June 30, 2004 and is reported together with other investment income on the statement of activities.

5. Lease Commitments

Minimum future lease payments for copiers under capital leases are as follows:

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total minimum lease payments</td>
<td>$153,386</td>
</tr>
<tr>
<td>Less minimum lease payments</td>
<td>(42,830)</td>
</tr>
<tr>
<td>Net-current portion</td>
<td>$110,556</td>
</tr>
</tbody>
</table>

Equipment capitalized under capital leases totals $185,981 with accumulated amortization of $57,592.

The future minimum annual rental payments due under non-cancelable capital leases with initial or remaining terms in excess of one year are as follows:
6. Employee Benefit Plan

Africare has a noncontributory defined benefit retirement plan (the “Plan”) that covers all employees after one year of employment. The benefits are based on years of service and the employee's average compensation during the three highest consecutive years of participation. Africare makes actuarially determined contributions to satisfy minimum funding requirements.

The following table sets forth the Plan's funded status as of June 30, 2004:

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Projected benefit obligation at end of year</td>
<td>$6,616,359</td>
</tr>
<tr>
<td>Fair value of plan assets at end of year</td>
<td>5,473,089</td>
</tr>
<tr>
<td><strong>Funded status</strong></td>
<td>(1,143,270)</td>
</tr>
<tr>
<td>Unrecognized transition (asset)/obligation</td>
<td>206,193</td>
</tr>
<tr>
<td>Unrecognized prior service cost</td>
<td>9,105</td>
</tr>
<tr>
<td>Unrecognized net (gain)/loss</td>
<td>1,632,803</td>
</tr>
<tr>
<td>Net amount recognized</td>
<td>$704,831</td>
</tr>
</tbody>
</table>

Amount recognized consists of:

- Accrued pension liability: $(390,454)
- Intangible asset: 215,298
- Accumulated other comprehensive income: 879,987

Net amount recognized: $704,831

The net periodic pension costs for the year ended June 30, 2004 included the following components:

- Service cost: $362,406
- Interest cost: 373,557
- Expected loss (return) on plan assets: (339,850)
- Net amortization and deferral: 141,339
- Net amount recognized: $537,452

Assumptions used in the pension accounting for June 30, 2004:

- Discount rate: 6.25%
- Rate of increase in compensation levels: 3.00%
- Expected long-term rate of return: 6.25%
- Amortization period (years): 12.40 yrs

There were no contributions to the Plan during the year ended June 30, 2004. Benefits of $193,024 were paid to eligible participants.

7. Commitments and Contingencies

During fiscal year 2003, Africare and USAID reached an agreement to settle a $2,971,340 claim for overpayment of funds received through the letter of credit under certain grants prior to October 1, 1998. The agreement released Africare from any further claims with respect to this period. Africare remitted payment to USAID on October 27, 2003.

During fiscal year 2004, Africare received 56% of its total revenue in the form of grants and contracts from the Federal government. Approximately 89% of the total federal grant and contract revenue was provided by the U.S. Agency for International Development (“USAID”). Amounts expended under these grants and contracts are subject to financial and compliance audits as required by OMB Circular A-133 or by the grantor agency as a condition of receiving the awards. These audits may result in questioned costs which the grantor agencies may disallow and therefore the potential exists for the return of the grant or contract funding to the grantor agencies. The amount, if any, of expenditures, which may be disallowed and or returned as a result of questioned costs identified in Africare’s fiscal year 2004 financial and compliance audit or any future audits that may be performed by grantor agencies cannot be determined at this time.

During August, 2005 Africare initiated, on its own accord, independent external reviews in two countries to ensure the proper handling of funds. The outcome of these reviews is unknown and cannot be estimated as of October 14, 2005.
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Reggie L. Simmons, Ph.D.
1953–2003

Reggie truly loved Africa, particularly its people. From his first experience in 1979 as an Operations Crossroads Africa volunteer, he was smitten. In 1983, he was a research associate at the University of Dar es Salaam in Tanzania working on his doctoral dissertation. In 1988, he joined Africare in Washington, DC as Program Manager where for three years he was responsible for backstopping Guinea, Guinea-Bissau, Senegal, Mali, and Burkina Faso.

In 1991 he was posted to Sierra Leone as Acting Country Representative. Then he was reassigned as Country Representative in Niger from 1993–95. He returned frequently to Sierra Leone and Liberia for the United Methodist Committee on Relief. In 1999–2000, he served as Regional Coordinator in northern Nigeria for the Office of Transition Initiatives, USAID.

On November 23, 2003, Reggie passed away. We remember him as wonderfully generous of heart and spirit, fiercely devoted to his work in Africa, a true friend, and one who saw enormous possibility in all that he did. In the words of one of Reggie’s friends, “I can think of no other way that he would have wanted to go—at peace with himself and helping his fellow man.” Africare is richer for having had him as part of our family. We will miss him.
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* Term ended November 2003
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