

Rewriting the Future for Children

ANNUAL REPORT | 2007



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Six-year-old Shyenne is one of thousands of rural U.S. children benefiting from our commitment to literacy and education.

Save the Children's programs in health, education, emergency assistance and protection helped children in need in 50 countries worldwide in 2007.

For the sixth year in a row, the independent evaluator, Charity Navigator, has awarded Save the Children its 4-star rating for exceptional financial management. Ninety percent of all expenditures go to programs for children.

Letter from the President and the Chairman of the Board

To our Contributors, Colleagues and Friends

Back in 1932, the founders of Save the Children in the United States were just setting out, looking for ways to improve the lives of desperately poor families of Appalachia during the Great Depression. Today, Save the Children reaches 41 million children and 25 million others in 50 countries, including the United States, with a budget of \$361 million and 6,000 staff worldwide.

During those 75 years, we have been part of enormous progress for children. Before the advent of antibiotics and immunizations, untold numbers of children died from such diseases as diphtheria, tetanus, measles and pneumonia. Now deaths among children under age 5 have been contained significantly and are down to "only" 9.7 million in 2007. In the 1930s, only the most privileged children had a chance to go to school. Instead, most went to work as soon as they were able, condemned to lives of illiteracy and hardship. In 2007, "only" 72 million have no access to primary school education.

Clearly, we haven't finished the job. And we won't be finished until we have brought health, education and security to every single one of those millions of children worldwide.

Save the Children cannot overcome all the deprivation and disasters of the world, but we asked: "Can't we do more for children in need?" So we raised the bar for ourselves: Our strategic objective for the next five years is to *double* the number of children who benefit from our programs so entire communities, regions and nations will feel the impact of change.

Significant Achievements of 2007



Robert A. Daly, Chairman of the Board, talks to a child taking part in one of our preschool programs in Louisiana after Hurricane Katrina.



Our Safe Spaces kits are designed to provide safe areas and activities for children in emergency situations.



The "Idol Gives Back" special in April 2007 benefited children in the United States and Africa. American Idol's Randy Jackson visited with fans at one of our programs in Plaquemines Parish, Louisiana.

Rewrite the Future

As a member of the International Save the Children Alliance, we have launched Rewrite the Future. which in its first year, has brought quality education to 3.4 million children living in 20 conflict-affected countries and raised \$240 million for ongoing programs.

"Safe Spaces" Kits Part of U.S. Disaster Preparedness Plans

Through a partnership with the American Red Cross and the Church of the Brethren, our "Safe Spaces" kits for children are now available in emergency shelters nationwide. Providing safe spaces for play and opportunities for education are just two of Save the Children's global programs that also protect at-risk children from sexual trafficking, abuse by fighting forces and other forms of exploitation during emergencies and conflict.

Idol Gives Back

American Idol's "Idol Gives Back" was a 2-night benefit for organizations working to fight poverty and help children in the United States and Africa. This primetime event raised millions to support Save the Children's programs.

Survive to 5

Each day, 27,000 children under the age of 5 die from causes that can be treated or prevented. With the leadership of former Senators Bill Frist, MD, and Bill Bradley, Save the Children is rallying support from corporate partners and other donors as well as media and celebrities to increase public awareness and advocate stronger policies and increased federal funding for child health.

Ongoing Relief in Sudan

Save the Children is conducting the largest international relief effort for 500,000 displaced children and adults in West Darfur state, Sudan. Since 2004, we have provided families living in camps and nearby communities with food, health care, nutrition and other services.

Educating Families in Nutrition

Stunted growth among children in Bangladesh has been reduced dramatically through our model program that provides families with education on child nutrition, access to basic health services and nutritious meals from home gardens. This program is now reaching more than 2 million people in three districts.



Senator Bill Frist, MD, toured community health facilities in Bangladesh in 2007.



Save the Children President Charles F. MacCormack visits with displaced children during a visit to Mornie Camp, West Darfur, Sudan.



Save the Children's program to improve nutrition for young children now reaches more than 2 million people in rural Bangladesh.

"I admire you and the other students for making caps to help protect the health of infants in developing countries."

> -First Lady Laura Bush in a letter to the students of Westwood Elementary School



Yvette, age 5, plays after school in California, at just one site where we fight childhood obesity through a program of vigorous activities and healthy snacks.



Early childhood education prepares children, like these young boys in Myanmar, for success in school, a critical objective for Save the Children.

Caps to the Capital

Save the Children's State of the World's Mothers report on newborn health generated extensive media coverage in 2006. News articles describing how simple solutions, even baby caps, can save a newborn's life, triggered a flurry of knitting that turned into a national campaign. Within six months, Save the Children had received 280,000 caps and 10,000 letters to President Bush. Their messages went all the way to the White House and the caps now warm the heads of newborns in Malawi and Bangladesh.

Fitness for Overweight Children

With childhood obesity reaching epidemic proportions in the United States, we have established a program in nutrition and physical activity in 67 after-school programs in eight states. We are also working on research with Tufts University to better understand the causes and treatment of obesity among children.

Education Starts Early for Success in School

Children who enter early childhood development programs have a greater likelihood of enrolling and staying in school, educating their own children and becoming productive adults. Based on successes in early childhood programs in 23 countries, Save the Children has introduced 10 new programs in the United States in 2007.



At Save the Children's 75th Anniversary Benefit (from left), Melinda French Gates, Robert A. Daly, President Bill Clinton and Charles F. MacCormack.

At Save the Children's 75th Anniversary Benefit in September 2007, we honored three visionary leaders—former President George H.W. Bush, former President Bill Clinton, and Melinda French Gates, Co-Chair of the Bill & Melinda Gates Foundation—with our Global Humanitarian Awards. Their commitment to helping children and their support for Save the Children are an extraordinary validation of our work. Melinda French Gates summed up the trust we want all of our supporters to share when she said,

"We [the Gates Foundation] come back to Save the Children time and time again, because we know they will get the job done."

Robert A. Daly

Chairman of the Board of Trustees

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Charles F. MacCormack President and CEO

Chan's beformed



rural communities in 13 states.



- Save the Children USA
- International Save the Children Alliance
- No Save the Children programs

*Save the Children USA works through a national member of the International Save the Children Alliance in this country.



Rewrite the Future

The surest road out of war is education

This young Afghan boy makes the most of his studies. Even when his school in the Panjshir Valley of Afghanistan was damaged by a bomb several years ago, all 800 students were back in their classrooms the next day.

Giving children in war-torn countries access to education is one of Save the Children's critical goals. In conflict areas such as Darfur, Sudan; Haiti; Jordan; Nepal and Uganda, we build schools, train teachers and supply learning materials, protecting children during conflict and laying the groundwork for future economic growth and political development.

School Is the Center of a Child's World

Children are at their most vulnerable during conflict. lust as they are beginning to learn about the world they live in, violence teaches them some brutal lessons about survival. Some children are lucky enough to stay with their families or take shelter in displacement camps. Others—not so lucky—end up on the streets, exploited for sex or cheap labor. Long after the fighting stops, children carry memories of pain and fear.

Today, 36 million children never see the inside of a classroom because their countries are in chaos, Schools are critical to protecting children and giving them a semblance of normal routine during conflict, and with a solid base of learning, these children will be equipped to help their countries rebuild once fighting has stopped. Yet most donor nations have not invested nearly enough in schools for children affected by conflict to prepare the next generation for life once peace is achieved. And without tools and knowledge to build their future, children are doomed to repeat what they learn from war-violence as a way of life.

Making a Shared Commitment to Education

In 2006, all 28 members of the International Save the Children Alliance launched the Rewrite the Future initiative to provide quality education to 3 million children in conflict-affected countries and to improve the standards of schooling for another 5 million.

"Save the Children has been doing [emergency assistance] for a long time, and you get better at it every year. I have no words to describe the importance of the mission that you pursue..."

— President Bill Clinton, at Save the Children's 75th Anniversary Benefit

In Jordan, Save the Children is working with the Ministry of Education, community organizations and private schools to make schooling available to an estimated 25,000 Iraqi children whose families fled the war in their country. We have also established early childhood education programs to prepare very young children to succeed in school.



Results from the first year show that Save the Children is getting the job done:

- 3.4 million children in more than 20 countries are getting an improved education through *Rewrite the Future* programs;
- 590,000 children have gained access to school;
- Advocacy and media have raised awareness worldwide, bringing policymakers, celebrities and nongovernmental organizations to make education of children in war-torn regions a top priority;
- Save the Children has raised \$240
 million to fund education programs
 in conflict-affected countries around
 the world.

Education as Protection

Helping children to learn is only one of the benefits of education in war zones. Protecting children—physically and emotionally—is equally important. Save the Children's education programs help to lessen the stress children experience by:

- Providing safe, structured places for children to learn and play
- Establishing structured daily routines and activities
- Reintegrating vulnerable children, such as former soldiers, back into their communities.





IN DARFUR, EDUCATION SHAPES THE FUTURE

Four years ago, 9-year-old Kubra and her extended family fled their home village and walked nearly 50 kilometers to Krindig camp for displaced persons in West Darfur, Sudan. In a compound roughly the size of a basketball court, Kubra lives with her father, mother, two brothers, four aunts, five uncles and a bevy of cousins.

For the first two years, Kubra was enrolled in a Save the Children Child Center, but she just started grade 1 at a local camp school. "We are learning useful things now, we don't just play. We read and write and learn," she says.

For the entire family, education is a vital part of the new life they are building. "In school the children think about the future instead of thinking about the past," says Kubra's father, Abdel. "They learn new things instead of remembering the bad things that have happened."



Survive to 5

Accelerating progress for child survival

Save the Children has been in the vanguard of global efforts to reduce child mortality since the 1970s. This "child survival revolution" aimed to halt the calamitous loss of life in developing countries, when 40,000 children under the age of 5 died each day from preventable or treatable causes. In the last 35 years, we have seen child mortality decline dramatically, thanks in large part to global immunization campaigns that eradicated small pox and have greatly reduced the impact of measles, tetanus and other life-threatening diseases.

But the goals of the child survival revolution are only partially achieved: 27,000 children a day—nearly 10 million a year—are still dying. And with access to existing, effective and low-cost measures, 6 million of those children could be saved each year.

Saving Young Lives in the Balance

This year, Save the Children launched an ambitious campaign, *Survive to 5*, to advocate for greater investment from the U.S. government, corporations and local communities in improving newborn and child health care programs in developing countries. With the leadership of former Senators Bill Frist, MD, and Bill Bradley, *Survive to 5* is mobilizing Americans to push for U.S. leadership and funding for child survival.

Saving Newborn Lives, our groundbreaking program for babies in their first month of life, has introduced more than 20 million women and babies in 18 countries to fundamental steps for saving lives and improving newborn health. These low-cost, effective tools and practices include vaccines to prevent tetanus; antibiotics to treat infections; basic kits for clean deliveries; better newborn care practices, such as warming and drying the baby and immediate and exclusive breastfeeding.

"We've already identified the cost-efficient solutions that can save children's lives. The next step is mobilizing America's compassion to make it happen."

—Senator Bill Frist, MD, launching the Survive to 5 campaign in September 2007



Senator Bill Frist, MD, Chair of Save the Children's Survive to 5 campaign, is also a physician. Here, Senator Frist sits with a mother and newborn on a recent trip to Bangladesh.

Survive to 5 builds on the momentum created by our 2006 and 2007 State of the World's Mothers reports that address child and newborn health issues and recommend strategies for reducing mortality among children under age 5.

Community-based Health Care

In 2007, Save the Children helped to deliver newborn and child health programs and establish policies in 36 countries. Based on our experience in delivering community health care, Survive to 5 focuses on bringing critically needed services to people right where they live. Working with partners drawn from local communities and government agencies, we support programs to train local volunteers in health care. This includes providing the tools and know-how to get children vaccinated and to treat diarrhea, pneumonia, malaria and other life-threatening conditions. Just as important, our programs educate families about nutrition, how to keep their children healthy and respond appropriately and quickly to illness.

Hunger and Malnutrition

It's hard to believe that in this day and age an estimated 200 million children worldwide suffer from hunger and malnutrition. Most come from families that live on less than \$1 a day, and the day-to-day scrimping for food threatens their survival and hampers their growth. In fact, malnutrition is an underlying cause of 53 percent of deaths among children under age 5.

To save lives of severely malnourished children, Save the Children and its partners work in regions where chronic food shortages and famines occur. Save the Children currently supports therapeutic care programs in eight countries, reaching thousands of children in need.

Save the Children targets the critical problems of poverty, food supply, and home care practices because food availability is frequently a regional issue as well as a household problem.

Food distribution may be necessary in high-risk areas—where natural disasters and wars have occurred, where hunger is a seasonal problem or where crop failures have been widespread.

In countries like Mozambique, Bolivia, Malawi and Ethiopia, Save the Children's goal is to help families reduce hunger by working with farmers and pastoralists to increase food production and help them link with local and export markets. We ensure that increased access to food translates into better nutritional status for children by working with mothers to improve how, when and what they feed to their infants and young children.

These programs reached nearly 3 million children and adults in 2007.



A young girl orphaned by AIDS holds corn harvested from the garden. In Malawi, HIV/AIDS and malnutrition put millions of children at risk. Promoting community gardens improves child nutrition and makes healthy foods available for entire communities.



in Natural Disasters

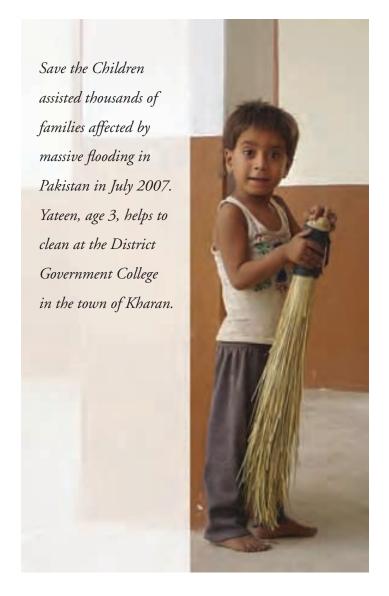
Community preparedness saves lives

No two crises are the same, and they don't happen on schedule, so Save the Children is prepared for all eventualities. We're on the ground delivering assistance at a moment's notice and we stay until after the dust has settled to help families rebuild their lives and their communities.

During 2007, Save the Children responded with food, shelter and medical care to 28 emergencies around the world, from floods in Bangladesh and Pakistan and earthquakes in Peru and Indonesia, to support for displaced families in Darfur, Sudan, and Lebanon. In Darfur, Save the Children provides food, water, health care, protection education and livelihood programming to some 500,000 children and families each month. In eastern Chad, we are reaching more displaced children with urgently needed protection and education programs. In Jordan, we have been instrumental in enrolling 25,000 displaced Iraqi children in schools, providing emotional support for children and training new teachers.

In all of our emergency responses, strong collaboration with the International Save the Children Alliance is key to our effectiveness and reach.

Unusually heavy rainfall swamped at least 30 districts in Uganda in August 2007, uprooting tens of thousands of families and destroying wells, food crops, schools, hospitals, roads and bridges. As part of rebuilding, Save the Children is enabling children to begin or continue their education. Our emergency response teams constructed 50 temporary classrooms, distributed school materials to 10,000 children and supported child protection activities.



Preparing for the Next Crisis

We can't stop natural disasters from occurring, but we can prepare children and families for the worst, In 2007, Save the Children was pro-active, helping communities in high-risk regions to prepare for the next disaster and to cope with the after-effects. Our disaster preparedness work has helped to safeguard children and families in countries that include Bangladesh, Nepal, the Philippines, Sri Lanka, and Vietnam.

Following the 2004 tsunami in Indonesia and the 2005 Gulf Coast hurricanes Katrina and Rita, Save the Children recognized that emergency preparedness and response plans must accommodate the needs of children in disaster-affected areas. The staff developed comprehensive emergency preparedness and response plans, formed and trained local emergency response teams, stored necessary supplies, and engaged children in disaster riskreduction efforts.

"After Hurricane Katrina, we saw organizations like Save the Children spring into action and show far better than I possibly could with a million words what it means to be a true point of light."

— President George H.W. Bush, Save the Children's 75th Anniversary Benefit

Ensuring Children's Safety in an Unpredictable World

When it seems as if the world is in chaos, Save the Children's protection programs in 16 countries, including the United States, bring reassurance to vulnerable children and help them bounce back. These programs sustain children through emotional support and our "Safe Spaces" kits that protect children in insecure surroundings.

We also support reintegration centers to help child soldiers and street children resume their lives. In Nepal, Save the Children operates four counseling centers for returning child soldiers. In Uganda, Save the Children works to reintegrate "child-mothers" and girls returning from captivity by rebel soldiers. In Indonesia, we fight the trafficking of children through awarenessraising campaigns, and provide victims with medical rehabilitation and legal support. We also work to find alternatives to putting displaced children into institutions.



Boys and girls at the Crosstown Learning Center in Tulsa, Oklahoma, try out their whistles during Save the Children's disaster preparedness training program in July 2007. Knowing how to respond can save lives during emergencies.

A LESSON LEARNED FROM **HURRICANE KATRINA**

Hurricane Katrina taught us that even in the United States, communities are not prepared to respond to the needs of children when a disaster strikes. Save the Children is working to ensure that children are a top priority in emergency planning.

In partnership with the American Red Cross and the Church of the Brethren, Save the Children is also introducing "Safe Spaces" kits in emergency evacuation shelters in high-risk regions. Safe Spaces kits have proved highly effective in protecting children and providing activities during disasters worldwide.



Education for All

An early start in learning enables children to succeed in school

In the best of all possible worlds, every child would get an early start on the road to a life of learning. Education is the best way we know to give the next generation the tools and understanding they need to make the world a better place for themselves and their children. But in 41 developing countries, less than two-thirds of students complete primary school.

Save the Children believes in education for children in need, and gives special assistance to children living on the margins, such as girls, children orphaned by AIDS, victims of wars and disasters, and children prevented from attending school because of cultural barriers or the remoteness of their homes.

First Steps to School

Children need a solid foundation to get the benefits of classroom education. Recent research shows children's education must be cultivated at home starting at birth, because in the first years of life, children undergo rapid physical, cognitive, social and emotional changes.

Save the Children wants to see more children enrolled in school and fewer dropping out. We are meeting this challenge with a new program to prepare children for learning from an early age.

Sisters Thoang and Thoi read a book at Save the Children's early childhood development program in Xa Lang village, Vietnam.

These programs lay the foundations for both girls and boys to achieve in school.

Save the Children strongly advocates greater U.S. support for quality education for children worldwide through the Education for All Act of 2007 to help developing countries meet the goal of universal basic education. At right, young children hold "band practice" at a preschool in El Salvador.



To prepare children to learn, Save the Children supports each child's development through home visits, community-based child care centers and transition-to-school activities. Most recently, we started early childhood programs in El Salvador and the Philippines, bringing the number to 23 country programs, and in 10 rural communities in the United States for learning from an early age.

Education and HIV/AIDS

In Africa, where children orphaned by AIDS and other vulnerable children face barriers to education, Save the Children integrates learning with HIV prevention, care and treatment and activities that are all essential to the wellbeing of young children.

In Ethiopia, for instance, Save the Children has helped mitigate the destructiveness of the HIV/AIDS epidemic for children, youth and adults. Working along the high-risk trade corridor that runs from Ethiopia to Djibouti, Save the Children has educated 620,000 youth in HIV/AIDS awareness and prevention, and arranged counseling and testing for another 142,000 individuals, while working with the World Food Programme to feed 7,100 infected adults.

Promoting Literacy and Healthy Lifestyles for Rural U.S. Children

Confident to Read, Confident to Succeed

In the United States, poor children face tremendous obstacles in school even before they walk through the classroom door. By fourth grade, more than half of America's poorest children are behind in reading, unprepared to meet the challenges of higher education.

For many of the 2.6 million American children living in rural poverty, education can be haphazard at best. Under-funded rural schools face a shortage of qualified teachers. Libraries are outdated and understocked. Students may lack the motivation to achieve. Through our inschool, after-school and summer programs, Save the Children helps 11,000 children to improve their reading skills and benefits another 35,000 through investments in libraries and computer software.

Healthy Habits, Healthy Lives

With childhood obesity rates on the rise, Save the Children's after-school physical activity and nutrition program has helped more than 4,800 poor, rural children develop healthy habits for a lifetime. Through our new partnership with Tufts University, Save the Children is now exploring further ways that schools, communities and parents can help prevent childhood obesity in rural America.

"My daughter is always reading these days. Her use of words has also improved and she asks really intelligent questions. These are direct benefits of reading and this program has given Stephanie confidence when she speaks."

-Robert Jode, parent from Chinle, Arizona



In 2007, Save the Children provided physical activity and healthy snacks to children through 67 after-school programs. Encouraging play and physical activity helps children to lead healthy lives and promotes self-esteem and normal growth at a healthy weight.

Advocacy: Speaking

To ensure that our programs bring about lasting improvements in the lives of children, we work to enhance national policies and allocation of resources in the United States and overseas. Thanks to efforts to promote awareness by our country programs, some 15 million people now have a greater awareness of what needs to be done to improve the well-being of children worldwide, and we have worked with decision-makers in those countries on policies to increase access to health care and education.

In the United States, Save the Children works independently and through a nonprofit agency coalition to promote legislation for child-friendly policies and to



Gabriel Oling-Olang, our child protection advisor in northern Uganda, speaks at a Save the Children briefing on Capitol Hill about the importance of schooling for children during conflicts and war.

secure increased investment in such improvements.

Advocacy Impacts Legislation

Among the most notable successes we helped to achieve in 2007 were active support for a substantial increase in the foreign assistance budget, including significant increases for maternal and child health and basic education. In addition, we successfully promoted recognition in the Education for All Act, introduced both in the House and the Senate, of the need to provide

education for children in conflict situations. And through changes in Executive Branch policies, we secured government funding and attention for protection and education activities for children affected by conflict in various geographic areas, including, for example, for displaced Iraqi children living in Jordan.

Save the Children also championed the reintroduction of the U.S. Global Commitment to Child Survival Act in 2007, with 92 cosponsors in the House and Senate.

Out for Children

Participating in the ONE Campaign

For nonprofit organizations, perhaps the greatest challenge is addressing the injustice of child poverty. Nearly half of the world's children— I billion boys and girls—live in some form of extreme deprivation. Through the ONE Campaign, Save the Children helps raise awareness of the fight against poverty and global AIDS, and build support for increased American leadership on child health and basic education.

Save the Children Action Network (SCAN)

Save the Children's grassroots constituency grew in 2007 to 50,000, more than doubling the SCAN membership since 2004 and increasing the number of constituent activities in support of our policy priorities by nearly ten-fold in that 3-year time frame.



Women like Juana in Guatemala, who has started her own weaving business, tend to invest their income and savings in benefits for children, such as tuition costs for school, or vaccinations and health care.

ECONOMIC OPPORTUNITY SECURES HOME LIFE

With small loans to mothers for startup businesses, Save the Children enables impoverished families to earn money to secure their households. Save the Children's microfinance partners in 18 countries currently support 620,000 families, benefiting more than 2 million children. These partners also help thousands of families set up safe, flexible savings accounts and increasing numbers have access to insurance products.



Impact of Sponsorship

A ripple effect from a single community to national policies

In 2007, over 107,000 sponsors provided support to Save the Children programs. This is great news for about 4,000 children in the United States and 913,000 more in 19 developing countries, who have benefited from the expansion of programs in health care and education. Sponsorship is the backbone of Save the Children's critical programs in health, nutrition and education, enabling us to launch new initiatives and extend the range of our "best practices" in early childhood development, primary education, school health and nutrition. In the United States, sponsorship supports literacy, physical activity and nutrition programs, and makes these services available to increasingly larger numbers of children.

Save the Children's approach to sponsorship is inclusive and always reaches more than a single child. In fact, Save the Children sponsors are supporting communities in need because children cannot flourish in a vacuum—their communities need to share in the benefits as well.

For these boys at the Blakala School in Mali, education is a bridge to the world beyond their small village, provided through the generous support of Save the Children sponsors. In Mali, we work with parents and communities to ensure that all children, boys and girls alike, get the benefits of basic quality education. And through school-based health services such as de-worming medicines, vitamin supplements and lessons in hygiene, children are growing up healthy as well.

In 2007, Save the Children's sponsors have seen impressive returns on their investments. In several countries, the success of our education and health programs now extends beyond the local communities to reach entire regions. The potential for health and education programs with national scope transforms the nature of Save the Children's impact.



"We just finished building a school in Tagabshan, one of the most remote and underserved communities in the country—which is really saying something."

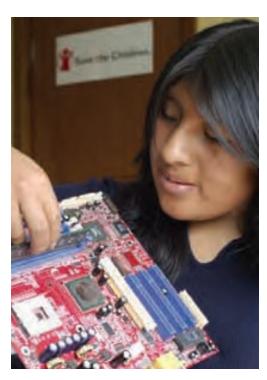
—Leslie Wilson, Country Office Director, Afghanistan

To learn more about Save the Children's sponsorship options, visit savethechildren.org or call I-800-728-3843.

Here are some highlights of achievements made possible by sponsors in 2007:

- **AFGHANISTAN** Our supporters have helped to get the newest country in our "sponsoring a community" program off to a great start. They are helping to develop a more engaging school curriculum for the Ministry of Education, which will be used in eight districts this year. In remote areas, Save the Children has expanded primary education from six to 14 sites and is teaching parents how to improve young children's intellectual and physical development at home so they will be better prepared when it is time to go to school.
- MALAWI Working in Mangochi district, Save the Children supports 34 primary schools and education for 82.000 children, as well as programs in health awareness for 27,000 school children and 70,000 out-of-school youth. And in a new partnership with the Californiabased Vitamin Angels, we are dispensing vitamin A supplements, which prevent blindness and infections, to 15,000 children in 100 schools.
- **BOLIVIA** We welcome 750 new sponsors for Bolivia, thanks to a telethon held by Save the Children Italy whose support has helped expand our technology training for youth program. Our computer center in El Alto provides technical training for high school students, and several graduates from poor families are now pursuing careers in technology. A decade ago, high-tech occupations would have been out of their reach.

- ETHIOPIA Save the Children's
 national survey of Ethiopia's existing
 school health and nutrition programs
 has led to the creation of a national
 policy for school health and nutrition.
- Save the Children's sponsorship program expanded its support to early childhood development in 10 rural communities, as well as our physical activity and nutrition program for school-age children in after-school programs.



At Save the Children's computer center in El Alto, Bolivia, Carmen works on a computer circuit board, as part of our technology training program.



Emma Birch poses with a photo of Bakary, the child she sponsors.

A SPECIAL GIFT FOR NTIOBALA

For most people, 40 is a coming-of-age birthday—a passage into a new phase of life. To celebrate, one Save the Children supporter, Emma Birch, asked her friends and family to contribute to Save the Children's programs in the village of Ntiobala, Mali, where the child she sponsors, Bakary, is growing up.

But how should those gifts be spent? To bring Emma's gift to every child in the community, the Mali staff proposed building a library for the local school. For the people of Ntiobala, this library signifies a move out of illiteracy and isolation and into the modern world.

For her part, Emma says, "I cannot tell you how absolutely thrilled I am to see how this library has affected thousands of children's lives. My hope is that more people will do the same."

Americans Connect

We're all human, and even in the age of the Internet, personal contact is what moves us most. Bringing our supporters face-to-face with children in need is always an unforgettable experience: Children are proud to be recognized, and supporters see firsthand how much their commitment means.

In 2007, Save the Children helped to create links between eighth-graders at a Minnesota school and babies in Bangladesh, between our national leaders and children of the Navajo nation, and between retail shoppers and children from poor, rural communities in the United States. Here are just a few of the many new bonds forged during an unforgettable year:



President George H.W. Bush and Charles MacCormack pose with children from Save the Children's U.S. programs at our 75th Anniversary Benefit in New York.

Save the Children's 75th Anniversary Benefit

Wanya, Faith and Evangeline, three Navajo children from Arizona and Steffone from Louisiana, were special guests at our 75th Anniversary Benefit in September 2007. This star-studded event was held at New York's

Lincoln Center and emceed by Academy Award nominee, Samuel L. Jackson.

Former presidents George H.W. Bush and Bill Clinton, and Melinda French Gates, Co-Chair of the Bill & Melinda Gates Foundation, received Save the Children's Global Humanitarian Awards before nearly 1,200 guests, including Bette Midler, Drew Carey, Edie Falco and Julianne Moore. Sierra Leone's Refugee All-Stars and Broadway star Idina Menzel provided musical entertainment.

to Children in Need



Robert A. Daly, Chairman of the Board, at Save the Children's 75th Anniversary Benefit, with honoree, President Bill Clinton.



Actress Julianne Moore with Samuel L. Jackson, who emceed the 75th Anniversary Benefit.



President George H.W. Bush shares his Save the Children honorary award with members of The Young People's Chorus of New York City, while Cokie Roberts, journalist and Save the Children Vice Chair, looks on.



Melinda French Gates addresses the audience after receiving the Save the Children Global Humanitarian Award.



T.J.Maxx's annual back-to-school promotion featured children from Save the Children program areas modeling new school fashions.

T.J.Maxx Back-to-School Promotion

T.J.Maxx took its 23-year partnership with Save the Children to a new level in 2007. As part of the retailer's back-to-school promotion, children from two communities where Save the Children works modeled clothes for posters and other promotional materials displayed in stores nationwide. In addition to educating customers about Save the Children's work, T.J. Maxx raised almost \$1.5 million for our U.S. programs through their annual Happy Hearts at-register promotion.

Caps to the Capital

It's a long way from Mankato, Minnesota, to Sylhet, Bangladesh, both literally and figuratively. In March 2007, one Mankato eighth grader, Mollie, made the 17-hour flight to Bangladesh, representing



For 8th grader, Mollie, the field trip to Bangladesh was a life-changing experience. "I could try to imagine what it would be like, but you don't know what it's like (until you get there)," Mollie said. "It makes you realize how much you have and appreciate it."

the thousands of Americans who knit some 280,000 baby caps for Save the Children's Caps to the Capital campaign. Mollie got to see for herself just how much health care means to saving the lives of newborns in developing countries. Accompanied by her teacher and Save the Children staff.

Mollie delivered baby caps and supplies for newborns to several villages in and around Sylhet, and sent daily updates and photos to her classmates and family back home.

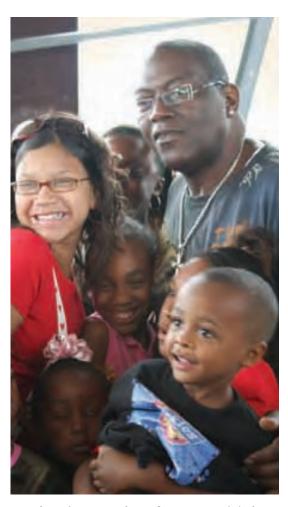
American Idol's Randy Jackson on Location with Save the Children

In preparation for American Idol's two episodes, "Idol Gives Back," dedicated to raising awareness about poverty among children in the United States and Africa, film crews shot video footage in Save the Children program sites in New Orleans, Louisiana, Chinle, Arizona, and Whitesburg, Kentucky.

And American Idol gave back—big time! Save the Children received \$14.5 million for its programs in Africa and the United States as a result of donations. In the United States, these donations from individuals and corporations such as Allstate Insurance Company are enabling Save the Children to reach children with early childhood development, literacy and physical activity and nutrition programs. Funding for six countries in Africa will address the major consequences of poverty, HIV/AIDS and armed conflict for approximately 400,000 children.

"It was a night ["Idol Gives Back''] that the three of us won't forget, as I think my son finally 'got it' when he saw how much poverty and sickness there is in the world."

> —Deborah Dicochea, Mattel, Inc. employee El Segundo, California



Randy Jackson, a co-host of American Idol, hangs out with kids at Diamond Transitional Living Community, Plaquemines Parish, Louisiana, while shooting a video for "Idol Gives Back." Save the Children received \$14.5 million for its programs in the United States and Africa as a result of this nationwide fundraising and awareness event.

Save the Children invests in children from birth, like 9-month old Savannah, at a child care facility in Mississippi. To ensure that young children have every chance to develop—physically, intellectually and emotionally, we provide educational services to expectant mothers, support for children from birth to 5 years of age and training for educators.

Financial Report

In Fiscal Year 2007. Save the Children reached two notable milestones: Our 75th year of serving children in need and our 3 billionth dollar programmed for children's needs over those years. Both revenues and expenses for operations increased in 2007, while adding almost \$10 million to our net assets. I am happy to report that for the fifth year in a row, at least 90 percent of total dollars spent went to program services and that our cost to raise a private dollar was 10 cents. In addition, we saw strong growth in our endowment from \$74 million to \$94 million.

Save the Children achieved its goal of increasing funding for most program activities in year three of our 3-year strategic plan (FY 2005–2007). From an expense standpoint, our programs in education grew over 15 percent, health by more than 20 percent, HIV/AIDS by almost 29 percent and food security by over 27 percent. Emergency response dropped off by just under 6 percent and re-prioritization in our economic opportunities program resulted in a downturn of approximately 40 percent.

Operating revenues were \$356 million up 7 percent; nonoperating revenues were almost \$15 million and operating expenses were \$361 million, growing at 8 percent over FY 2006. In 2005 and 2006, the overwhelming public response to the Southeast Asian tsunami created anomalies in our organizational financial performance that required special comment. FY 2007 performance has returned to those levels more typical of our expected year-on-year results. However, the nearly \$5 million operating deficit for FY 2007 is entirely attributable to spending down gifts received in FY 2005 for the tsunami response.

The full financial statements, audited by PricewaterhouseCoopers, LLP, are available upon request by calling 1-800-728-3843 and on our web site at savethechildren.org.

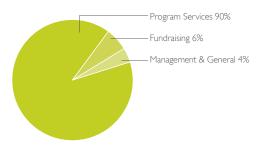
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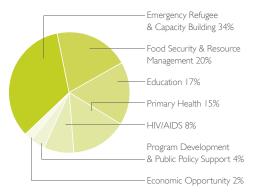
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Condensed Audited Financial Information

HOW WE USE OUR FUNDS



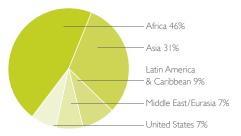
NATURE OF OUR PROGRAM



SOURCES OF SUPPORT AND REVENUE



WHERE WE WORK



	FY 2007	FY 2006
OPERATING REVENUE	22.010.000	22 225 000
Child Sponsorship	33,819,000 125,000,000	32,335,000
Private Gifts, Grants, & Contracts (incl. Bequests) U.S. Government Grants & Contracts	111,114,000 73,407,000 12,900,000	116,818,000 124,974,000 46,652,000 11,641,000
Commodities and Ocean Freight		
Other Revenue		
Total Operating Revenue	356,240,000	332,420,000
Total Operating Nevenue	330,240,000	332,720,000
OPERATING EXPENSES AND CHANGES IN NET ASSETS		
Program Services		
Education	56,773,000	49,273,000
Primary Health	49,529,000	41,198,000
HIV/AIDS	25,255,000	19,596,000
Economic Opportunity	6,951,000	11,611,000
Food Security & Resource Management	64,844,000	50,908,000
Emergency, Refugee and Capacity Building	108,532,000	115,227,000
Program Development & Public Policy Support	14,333,000	13,682,000
Total Program Services	326,217,000	301,495,000
Fundraising	21,259,000	20,345,000
Management & General	13,679,000	11,726,000
Total Operating Expenses	361,155,000	333,566,000
Excess/(Deficit)* of Operating Revenue over Operating Expenses	(4,915,000)	(1,146,000)
Excess/(Deficit) related to Unrestricted Funds	4,963,000	(1,280,000)
Excess related to Temporary Restricted Funds	(9,878,000)	134,000
Non-Operating Activity (Endowment gifts & pledges, investment earnings and exchange gain/loss)	14,787,000	22,010,000
Total Operating Revenue and Non-Operating Activity	371,027,000	354,430,000
Total Operating Expenses	361,155,000	333,566,000
Increase/(Decrease) in Net Assets	9,872,000	20,864,000
Net Assets, Beginning of Fiscal Year	182,168,000	161,304,000
Net Assets, End of Fiscal Year	192,040,000	182,168,000

*The operating deficit represents spending against private gifts received in FY 2005 for the Southeast Asian tsunami 5-year program. These funds will continue to be spent over the next two years.

In Fiscal Year 2007 on average, based on 2006 costs to administer gifts donated for current use, Save the Children charged 6 percent for fundraising, 4 percent for management and general, and 4 percent for program development and public policy support.

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In Memoriam

Jack Valenti (1921-2007)

In 2007, Save the Children lost one of its staunchest supporters, Jack Valenti. Known as the charismatic president of the Motion Picture Association of America for 38 years, we knew him best for his commitment to improving the lives of children worldwide. Mr. Valenti brought his energy and talents to Save the Children as a member of the Board of Trustees. We are grateful for all that he achieved for children in need.

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savethechildren.org



Little girl, Nepal.

Save the Children is the leading independent organization creating lasting change for children in need in the United States and around the world. For 75 years, Save the Children has been helping children survive and thrive by improving their health, education and economic opportunities, and in times of acute crisis, mobilizing rapid assistance to help children recover from the effects of war, conflict and natural disasters.

Save the Children is a member of the International Save the Children Alliance, a global network of 28 independent Save the Children organizations working to ensure the well-being and protection of children in more than 120 countries.