



**Friends of
the Earth**

**2005
Annual Report**

Stronger for the Future

Champion of a Healthy and Just World

Our Mission

Friends of the Earth defends the environment and champions a healthy and just world.

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We are proud to be a part of the world's largest federation of environmental groups, uniting 1 million activists in 70 countries.



Friends of
the Earth
International

Member Groups

Argentina, Australia, Austria, Bangladesh, Belgium, Belgium (Flanders), Bolivia, Brazil, Bulgaria, Cameroon, Canada, Chile, Colombia, Costa Rica, Croatia, Curacao, Cyprus, Czech Republic, Denmark, El Salvador, England-Wales-Northern Ireland, Estonia, Finland, France, Georgia, Germany, Ghana, Grenada, Guatemala, Haiti, Honduras, Hungary, Indonesia, Ireland, Italy, Japan, Korea, Latvia, Lithuania, Luxembourg, Macedonia, Malaysia, Mali, Malta, Mauritius, Nepal, Netherlands, New Zealand, Nicaragua, Nigeria, Norway, Palestine, Papua New Guinea, Paraguay, Peru, Philippines, Poland, Scotland, Sierra Leone, Slovakia, South Africa, Spain, Sri Lanka, Swaziland, Sweden, Switzerland, Togo, Tunisia, Ukraine, United States, Uruguay.

Affiliates

Africa: Earthlife Africa; Australia: Mineral Policy Institute; Australia: Rainforest Information Centre; Brazil: Amigos da Terra Amazonia - Amazônia Brasileira; Brazil: Grupo de Trabalho Amazonico; Canada: Blue Planet Project; Czech Republic: CEE Bankwatch; Japan: Peace Boat; Middle East: Friends of the Earth Middle East; Netherlands: Action for Solidarity, Equality, Environment and Development Europe; Netherlands: Stichting De Noordzee (North Sea Foundation); Netherlands: Corporate Europe Observatory; Netherlands: Wise Europe; United States: Corpwatch; United States: International Rivers Network; United States: Rainforest Action Network



Welcome

Dear Friends:

Thank you for your continued support of Friends of the Earth. The victories we achieved this year are your victories as well and they make our planet a better place to live.

It has been a remarkable year for Friends of the Earth. In March, we finalized a merger with Bluewater Network. Bluewater is a dynamic organization with creative campaigns to combat global warming, air and water pollution and damage to public lands by thrill vehicles such as snowmobiles and jetskis. The merger has added to our capacity and enabled us to broaden the scope of our work in a number of areas.

It has also been a pivotal year for the country as a whole. Hurricane Katrina underscored the dangers of undermining natural barriers to storms and the unpreparedness of our government. The link between fiercer storms and global warming was also brought to the public's attention. While the Bush administration has worked to weaken environmental protections for the last five years, we believe that we are approaching a tipping point. Public awareness of global warming and environmental concerns is growing.

Despite facing a hostile administration and continued government inaction on environmental priorities, Friends of the Earth has had many successes. Here are a few highlights from the past year:

Cancer Prevention – Friends of the Earth and our partners in the Safe Cosmetics Campaign have signed nearly 200 companies onto our Compact for Safe Cosmetics. These companies, representing an estimated \$4 billion in sales, have pledged not to use chemicals in their products that are known or strongly suspected of causing cancer, mutation or birth defects.

Improved Automobile Fuel Efficiency – Our Bluewater Network ran a series of advertisements in the New York Times and other publications pressuring Ford Motor Company to improve their fleet's fuel economy. Since

launching this campaign, Ford has announced a global plan to produce 250,000 hybrid vehicles annually by 2010. Bluewater has since launched an ad campaign challenging Volvo and Toyota to improve fuel economy.

Funding for Renewable Energy in Developing Countries – Following intensive advocacy by Friends of the Earth, the World Bank, the world's largest development institution, announced it will increase its financing for renewable energy projects by 20 percent each year over the next five years.

Protecting America's Rail System – Friends of the Earth's nationwide organizing efforts helped build significant momentum in Congress to fully fund Amtrak, while blocking the Bush administration's plan to bankrupt the system.

Cruise Ship Pollution Banned – Our Bluewater Network crafted and helped pass three bills that will ban dumping and pollution from cruise ships within three miles of the California coast. With this rigorous standard in place, Bluewater plans to help other coastal states adopt similar regulations.

Looking ahead, we will continue our efforts for clean energy, healthy people, and healthy ecosystems. The planet has given us a wake up call. Join us in the coming year to wake up our leaders and demand action!

Sincerely,



Avis Ogilvy Moore
Avis Ogilvy Moore
2003-2005
Board Chair



Brent Blackwelder
Brent Blackwelder
President



Norman F. Dean
Norman Dean
Executive Director

Nature



From the Frontlines...

Challenging Piracy on the High Seas: Don't Make the Planet Walk the Plank

By Teri Shore, Clean Vessels Campaign Director,
Bluewater Network – a division of Friends of the Earth

Ship pollution is a major problem that affects human health and the global environment. Breathing in exhaust from diesel fueled ships can cause cancer and respiratory diseases. Ship pollution also causes smog and emits climate change gases. Smog has a bad habit of oozing inland and affecting scenery and the health of wildlife and our communities.

Ship discharges need to be cleaned up, but regulation of the global shipping trade is made very complicated because ships are often registered in countries where environmental regulations don't exist or are never enforced. However, the International Maritime Organization (IMO), a body governed by the United Nations, has a great degree of authority over global shipping. As part of the Clean Vessels Campaign that I direct for Bluewater Network, in July 2005, I spearheaded an international action aimed at cutting ship emissions through IMO regulations. The action involved a colorful street protest outside the headquarters of the IMO in London and direct lobbying of the nation delegates inside.

As the IMO convened environmental meetings this July, Bluewater Network and its partners released the first-ever Environmental Report Card on the IMO giving it failing grades on air pollution, human health and climate

Shipping News:

- ▶ Ninety percent of the world's consumer goods are transported by ship.
- ▶ Ships generate 30 percent of the world's smog-forming nitrogen oxide emissions.
- ▶ One ship entering port generates the air pollution of 350,000 cars in one hour.
- ▶ Shipping trade is expected to triple in the next two decades.




photo credit: Mike J. Wells/Friends of the Earth

The IMO pirates are (left to right) Friends of the Earth England, Wales and Northern Ireland staffers Nick Rau (not shown), Tamsyn East and Rauol Bhambral — with stuffed parrot, Penny Markell and Hannah Ellis joined Rober Higman as the IMO Prisoners. Teri Shore of Bluewater Network and Jesse Marquez of Coalition for a Safe Environment hold the signs.

change. We also released a Port Community Bill of Rights intended to protect people living near ports from air toxics and quality of life impacts caused by air pollution from ships, which are increasing as global trade expands.

Being able to work with the team of activists from Friends of the Earth England, Wales and Northern Ireland to stage the street protest was incredible. Our activists played shipping industry "pirates." The pirates were holding "hostage" IMO nation delegates who are beholden to corporate shipping industry interests.

Inside the IMO meetings, I worked with staff from Friends of the Earth International and the Clean Air Task Force to



lobby for stronger international air pollution standards. The inside team was armed with technical papers that documented the need and the means for cleaning up ships. With input from the Coalition for Safe Environment, I also wrote and submitted the first-ever IMO paper on environmental justice issues related to shipping and ports. Our call to strengthen shipping air pollution standards was supported by the U. S. delegation and a number of other nations.

The final result was that the IMO agreed to push forward with stronger regulations on ship emissions and marine fuel quality and, for the first time, to consider regulating particulate matter produced by ship engines. Limits on existing engines will also be considered. The new regulations will take two to three years to develop and then will need to be approved by the IMO member nations. Bluewater Network will be working with the Friends of the Earth International network to keep up the pressure for change.

Breakthroughs in 2005...

Stopped Snowmobiles in Rocky Mountain National Park – Bluewater convinced the National Park Service to implement an immediate ban on recreational snowmobile use at Rocky Mountain National Park in Colorado.

Private Banks Adopt Environmental Standards – As a result of Friends of the Earth's efforts with JPMorganChase, the bank created an Office of Environmental Affairs and developed its first set of environmental lending policies.

Launched Protest of Thrillcraft on Public Lands – Bluewater Network generated tens of thousands of comments and letters to state and federal agencies protesting thrillcraft impacts on habitat, water quality and wildlife, as well as on visitor enjoyment of public lands.

Manatees in the Florida Keys Protected – Bluewater Network convinced the U.S. Fish and Wildlife Service to maintain jetski bans at two national wildlife refuges in the Florida Keys that provide critical habitat for the endangered manatee and other marine life.

Sprawl Stopped – Friends of the Earth won a court challenge stopping work on the Circumferential Highway in Vermont, saving prime forest land from being cut down to build a road through Chittenden County, and opening the way for rail options and public transportation.

Lake Roosevelt Preserved – Bluewater Network helped defeat a House bill that would have reopened Lake Roosevelt National Recreation Area to personal watercraft operation.

Green Mountain National Forest Protected – Friends of the Earth won a court decision that prevented the U.S. Forest Service from logging 300 acres of the Green Mountain National Forest.

Study of Global Warming Impacts Underway – Bluewater Network convinced Senators McCain and Hollings to request a study by the U.S. General Accountability Office and the National Academy of Sciences that will analyze the full impacts and costs of global warming on public lands and waters.

Anti-Environment Trade Negotiations Dropped – Friends of the Earth's advocacy helped convince the World Trade Organization to drop negotiations for an agreement on special rules that would have granted multinational corporations unprecedented rights and permitted harmful anti-environmental behavior.

New Global Rules on Shipping Pollution – Bluewater 's advocacy helped pressure the International Maritime Organization (IMO) to push forward on strengthening its weak regulations on ship emissions and marine fuel quality. The IMO has also agreed to consider regulating particulate matter produced by ship engines.

Healthy People

From the Frontlines...

Friends of the Earth Helps Missouri Farmers Block Biopharm Rice

By Bill Freese, Research Analyst, Friends of the Earth

Early in 2005, a small, California-based biotech company named Ventria Bioscience came to Missouri, intent on planting 200 acres of its genetically engineered pharmaceutical rice. As the lead author of a comprehensive scientific critique of Ventria's rice, I knew that the company's bid to plant in California had been rejected by state officials in 2004. Ventria also planned to relocate its headquarters to Missouri, lured by a state-funded incentive package totaling at least \$10 million.

Incredibly, however, neither state leaders nor Ventria had consulted with Missouri rice growers, even though the company planned to grow its biopharm rice in the Bootheel (southeastern Missouri rice country). Outraged farmers like Sonny Martin and Chris Williams of the Missouri Rice Research and Merchandising Council began lobbying the state government and speaking out forcefully against Ventria's plan. Their concern was that Ventria's drug-rice could contaminate their crop through cross-pollination, seed dispersal via animal or flooding, or human error. Market rejection of contaminated rice could destroy their livelihoods, and undermine the \$100 million Missouri rice industry.

I led Friends of the Earth's effort to help Missouri farmers fight this threat. Our campaign strategy focused on public education, savvy media work, and outreach to the food industry. In early 2005, I completed a 13-page white

What is Biopharming?

Biopharming is an experimental technique in which crops like rice, barley and tobacco are genetically engineered with human or animal genes to become factories for the production of experimental pharmaceuticals. A biopharm crop has the potential to contaminate a neighboring food crop and the environment.



This demonstration on the Capitol grounds illustrated the danger of shipping hazardous chemicals by rail through Washington, DC.

paper, "Pharmaceutical Rice in Missouri," which explained the contamination risk using detailed maps showing the proximity of Ventria's planned sites to Missouri rice fields, rice drying facilities and rice breeding stations. We also highlighted the food industry's history of opposition to pharmaceutical crops. This white paper was released with Missouri Public Interest Research Group (PIRG), and distributed to rice farmers, the media and state legislators with the help of farm activists and the local Sierra Club.

We also organized a forum on Ventria and biopharming at the University of Missouri at Columbia. I served on the panel with a Missouri rice grower, a farm advocate, and a public interest scientist.

Friends of the Earth's research and media work raised the profile of the issue from local newspapers all the way up to important regional and national media. A front-page story in the influential St. Louis Post-Dispatch, "Bootheel farmers gain allies in rice war," first introduced the issue to a larger audience. Delta Farm Press – a leading rice belt farm journal – carried several stories featuring Friends of the Earth's analysis. Stories by the Associated Press and Reuters were picked up in hundreds of region-



al papers across the country, making this a national issue. I was also featured in Missouri radio interviews together with farmers and farm advocates.

As part of my outreach to the food industry, I sent the white paper to rice industry trade groups, rice processors and rice-using food companies, including St. Louis beer maker Anheuser-Busch (AB). AB, which purchases more Missouri rice than anyone else, and Riceland Foods, the biggest rice processor in the region, both strongly opposed Ventria's planned field trial. Like the farmers, they didn't want their products contaminated with drugs. When it finally became clear to AB that it could not prevail through quiet lobbying, and the issue continued to receive substantial media attention, the beer maker felt compelled to go public with a threat to boycott Missouri rice if Ventria were allowed to proceed. With a threat of this magnitude, even political champions of Ventria's

cause like Missouri Senator Kit Bond and Governor Matt Blunt had to sit down and negotiate in earnest.

In the end, AB offered to drop its boycott threat if the field trial took place at least 120 miles from commercial rice fields. Thankfully, a site could not be found in time for a 2005 planting, and Ventria withdrew its field trial application. Missouri rice farmers applauded the deal, which blocked Ventria's field trial. Unfortunately, the company was able to obtain USDA's permission to plant its rice in North Carolina. Ventria is also growing test plots of normal rice in northern Missouri to pave the way for possible pharmaceutical rice plantings in the years to come.

Mixing drugs and food is a foolhardy venture; moreover, biopharm crop companies have failed to produce a single FDA-approved drug. This is an ongoing battle, but Friends of the Earth will continue to fight biopharming, particularly in food crops, to protect public health, the environment, and the interests of America's farmers.

Breakthroughs in 2005...

Blocked Biopharm Rice in Missouri – Working with Missouri rice farmers, and Anheuser-Busch, Friends of the Earth prevented the biotechnology company Ventria Bioscience from planting 200 acres of an experimental rice crop engineered to produce drugs.

200 Companies Signed Compact for Safe Cosmetics – Friends of the Earth and our partners in the Safe Cosmetics Campaign have signed 200 companies onto our Compact for Safe Cosmetics. The companies, which represent an estimated \$4 billion in sales, have pledged not to use chemicals that are known or strongly suspected of causing cancer, mutation or birth defects in their products.

Friends of the Earth Activists Rallied for Peru – Friends of the Earth's worldwide network of email activists, sent thousands of messages to governments, corporations, private banks and others pressing for the protection of

the environment and human rights. In one instance, a flood of messages helped convince the Newmont Mining Corporation to stop moving forward with mining plans over the objections of a local community in Peru.

Blocking Toxic Shipments by Rail – Friends of the Earth, through our D.C. Environmental Network, led a successful effort to pass legislation banning rail shipments of toxic materials through our nation's capital.

Clean Air Victory – Bluewater Network won a legal victory for clean air when the Federal Court of Appeals agreed that the Environmental Protection Agency failed to set snowmobile emission standards that reduce pollution.

Cruise Ship Pollution Banned – Bluewater Network crafted and helped pass three bills that will ban dumping and pollution from cruise ships within three miles of the California coast.

Energy

From the Frontlines...

Crusader for Amtrak

*By Colin Peppard, Transportation Policy Coordinator,
Friends of the Earth*

What would you do if you learned that Amtrak was about to end service to the station that was your commuting life-line for years? If you're like many people, you'd grumble to your friends and fellow riders, and start looking for another way to work.

But you could fight back. That's what Rick Booth did when he heard rumors that Amtrak was going to end its service at his Cornwells Heights station, the only Amtrak stop in Pennsylvania between Philadelphia and Trenton.

Writing letters and making phone calls were Rick's first steps. After that, however, Rick went further. He reached out to the mayor of his town and to U.S. Representative Michael Fitzpatrick (R-PA and co-chair of the House Passenger Rail Caucus). He also started doing some grassroots organizing: passing out flyers to commuters, taking head counts of riders, encouraging others to call and write letters, and starting a web site - www.SaveCornwellsHeights.com.

Rick's work paid off! Amtrak reversed its decision and instead of closing the station, the management decided to work harder to build ridership - installing more signs to let commuters know the station is there, increasing the



Rick Booth stands next to the Amtrak station he lobbied to save.

frequency of service, and considering ways to better promote the station.

Having a taste of victory, Rick continues to pressure Amtrak to offer more and better service. His website, which has built up a thriving community, is a hotbed for discussing the benefits of rail travel with other riders. The discussion on the site also gives Amtrak a rider's point of view of how to run better service.

Friends of the Earth's Energy Program

This program works to make energy and transportation more sustainable by:

- ▶ Promoting the use of public transit and organizing local, state, and regional groups to support energy efficient transportation policy
- ▶ Shifting public spending on energy away from fossil fuels and nuclear power to renewable energy and energy conservation
- ▶ Pressuring government and corporations for vastly improved automobile fuel economy



Breakthroughs in 2005...

Clean Energy for the District of Columbia – Friends of the Earth, through our D.C. Environmental Network, led a successful effort to increase renewable energy use in the District of Columbia. The renewable energy standard requires that the District get 11 percent of its power from renewable power by 2021.

Highlighted the Anti-Environment Subsidies in the Energy Bill – Friends of the Earth and our Green Scissors Campaign highlighted fossil fuel and nuclear power subsidies in the energy bill. Although the bill passed, analysis by Friends of the Earth influenced public debate and media coverage of the bloated bill.

Released Texas Green Scissors Report – Friends of the Earth, working with the Texas Center for Policy Studies, released the Green Fees and Scissors in Texas: 13 Recommendations for Greening the State Budget. The 13 recommendations in the report range from increasing taxes on coal to raising fees on water pollution, and would generate between \$300 million and \$1 billion in new revenue for the state of Texas.

Challenged United States on Global Warming Impacts – In a landmark decision, a U.S. District Court judge granted Friends of the Earth standing to sue the Export-Import Bank and Overseas Private Investment Corporation in a groundbreaking global warming lawsuit. The suit seeks to require the agencies to determine how much the fossil fuel projects they finance overseas contribute to global warming.

Funding for Renewable Energy in Developing Countries – Following intensive advocacy by Friends of the Earth, the World Bank, the world's largest development institution, announced it will increase its financing for renewable energy projects by 20 percent each year over the next five years.

Pressured Ford on Fuel Efficiency – Bluewater Network ran a series of advertisements in the New York Times and other publications pressuring Ford Motors to improve their fleet's fuel economy. Since launching this campaign, Ford has announced a global plan to produce 250,000 hybrid vehicles annually by 2010.

Protecting America's Rail System – Friends of the Earth's nationwide organizing efforts have helped build significant momentum in Congress to fully fund Amtrak, while blocking the Bush administration's plan to bankrupt the system.

Ford still makes America's worst gas guzzlers.

| Year | TOYOTA | AUTO INDUSTRY AVERAGE | GENERAL MOTORS | FORD |
|------|--------|-----------------------|----------------|-------|
| 2000 | ~23.5 | ~20.5 | ~20.0 | ~19.5 |
| 2001 | ~23.0 | ~20.5 | ~20.0 | ~19.0 |
| 2002 | ~23.0 | ~20.5 | ~20.0 | ~19.0 |
| 2003 | ~23.5 | ~20.5 | ~20.0 | ~18.5 |
| 2004 | ~23.5 | ~20.5 | ~20.0 | ~18.5 |

SOURCE: EPA Fuel Economy Trends Report 2004. *Light-duty truck average for new passenger vehicles, Appendix M, Table M-8.

That's bad news for global warming.

When Bill Ford Jr. took the reins as Ford Motor Company CEO, he proudly claimed to be a "lifelong environmentalist." He promised to turn his company into a force for environmental good by introducing SUV fuel mileage and reducing global warming pollution.

While Ford hypes its new hybrid Escape SUV, it is also introducing new gas guzzling cars and trucks, negating the benefits of the hybrids. This means that new Ford vehicles, on average, continue to cause more global warming pollution than those made by any other major automaker – even GM, the producer of the least-warmly polluting. And Ford's new more gas guzzlers, on average, than its own century-old Model T.

Bill Ford: Genuine Environmentalist or Corporate Polluter?

| What Bill Ford Said | What Bill Ford did |
|--|---|
| 2000: "I want my company to be a leader in doing the most good without causing the most harm." | 2000-2004: Ford's average fuel mileage across the most common vehicles in U.S. automobiles. |
| 2000: "I want my company to be a leader in doing the most good without causing the most harm." | 2000-2004: Ford's average fuel mileage across the most common vehicles in U.S. automobiles. |
| 2000: "I want my company to be a leader in doing the most good without causing the most harm." | 2000-2004: Ford's average fuel mileage across the most common vehicles in U.S. automobiles. |

The technology is sitting on the shelf to increase Ford's average fuel efficiency to 40 mpg. Convert that fuel to gas-powered hybrids would raise it to 60 mpg. That would be money in the bank for motorists hit by higher gas prices. And we would all benefit from cleaner air, and reduced risk of catastrophic global warming, dependence on foreign oil and related threats to national security.

Bill Ford has been deceptive. He has betrayed our children's future. Did his year won't buy his cars or invest in his company until he fulfill his promises.

Sign the petition below or visit www.bluewaternetwork.org.

Bluewater Network, Friends of the Earth, Chemwatch, Environment Action Network, Global Exchange, The Fund for Animals, Green Corps, The Center for Biological Diversity, The David Browne Fund, The Center for Sustainable Living, Sea Shepherd Conservation Society, The Toxic Foundation, Rainforest Action Project

Don't Buy Bill Ford's Environmental Promises. Don't Buy His Cars.

NAME _____

ADDRESS _____

CITY, STATE, ZIP _____

PHONE _____

NAME _____

ADDRESS _____

CITY, STATE, ZIP _____

PHONE _____

I agree: The planet can't afford a Ford. I'm sending you my pledge not to buy Ford's cars and I'm asking you to help me send more people to see this and other ads warning the truth about Ford. The sending you my donation contribution of: \$10 \$20 \$30 \$40 \$50 other _____

This ad blasted Ford for having the worst average fuel economy of the major automakers.

Financial Reports

Balance Sheets

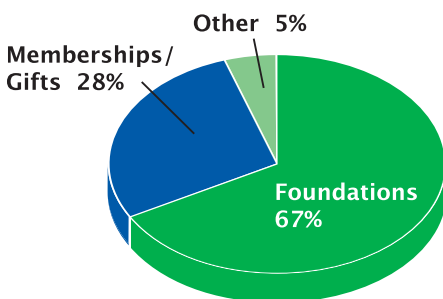
| | June 30, 2005 | | | June 30, 2004 | | |
|--|-----------------------------|------------------------|-------------|-----------------------------|------------------------|-------------|
| | Unrestricted Operating Fund | Temporarily Restricted | Total | Unrestricted Operating Fund | Temporarily Restricted | Total |
| ASSETS | | | | | | |
| Current assets: | | | | | | |
| Cash and cash equivalents | \$417,845 | \$790,758 | \$1,208,603 | \$197,895 | \$431,100 | \$628,995 |
| Accounts receivable: | | | | | | |
| Grants, contributions and bequests | 29,714 | | 29,714 | 176,764 | | 176,764 |
| Other | 23,115 | | 23,115 | 30,061 | | 30,061 |
| | 52,829 | | 52,829 | 206,825 | | 206,825 |
| Due from Friends of the Earth (Action), Inc. | 19,247 | | 19,247 | 13,889 | | 13,889 |
| Promises to give, current portion | | 429,510 | 429,510 | | 310,905 | 310,905 |
| Prepaid expenses and other assets | 95,408 | | 95,408 | 69,561 | | 69,561 |
| Total current assets | 585,329 | 1,220,268 | 1,805,597 | 488,170 | 742,005 | 1,230,175 |
| Fixed assets: | | | | | | |
| Furniture and equipment | 604,348 | | 604,348 | 560,893 | | 560,893 |
| Less accumulated depreciation and amortization | 546,984 | | 546,984 | 522,287 | | 522,287 |
| | 57,364 | | 57,364 | 38,606 | | 38,606 |
| Other assets: | | | | | | |
| Promises to give, net of current portion | | 50,000 | 50,000 | | 10,000 | 10,000 |
| Pooled income fund, at market value | | 15,598 | 15,598 | | 39,562 | 39,562 |
| Charitable gift annuity, at market value | 84,873 | | 84,873 | 85,016 | | 85,016 |
| Deposits | 30,403 | | 30,403 | 25,701 | | 25,701 |
| | 115,276 | 65,598 | 180,874 | 110,717 | 49,562 | 160,279 |
| Total assets | \$757,969 | \$1,285,866 | \$2,043,835 | \$637,493 | \$791,567 | \$1,429,060 |
| LIABILITIES AND NET ASSETS | | | | | | |
| Current liabilities: | | | | | | |
| Accounts payable and accrued expenses | \$136,719 | | \$136,719 | \$121,020 | | \$121,020 |
| Accrued leave | 76,203 | | 76,203 | 68,819 | | 68,819 |
| Total current liabilities | 212,922 | | 212,922 | 189,839 | | 189,839 |
| Other liabilities: | | | | | | |
| Deferred revenue - pooled income fund | | \$2,265 | 2,265 | | \$6,297 | 6,297 |
| Charitable gift annuity liability | 57,141 | | 57,141 | 57,252 | | 57,252 |
| | 57,141 | 2,265 | 59,406 | 57,252 | 6,297 | 63,549 |
| Total liabilities | 270,063 | 2,265 | 272,328 | 247,091 | 6,297 | 253,388 |
| Commitments | | | | | | |
| Net assets: | | | | | | |
| Unrestricted | 464,483 | | 464,483 | 390,402 | | 390,402 |
| Temporarily restricted: | | | | | | |
| Operating fund | | 1,108,603 | 1,108,603 | | 586,849 | 586,849 |
| Reserve fund | | 145,000 | 145,000 | | 145,000 | 145,000 |
| Endowment fund | | 53,421 | 53,421 | | 53,421 | 53,421 |
| | 464,483 | 1,307,024 | 1,771,507 | 390,402 | 785,270 | 1,175,672 |
| Total liabilities and net assets | \$734,546 | \$1,309,289 | \$2,043,835 | \$637,493 | \$791,567 | \$1,429,060 |

Statements of Activities

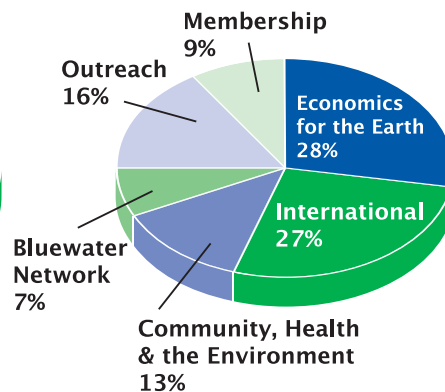
For the Year Ended June 30,

| | 2005 | | | 2004 | | |
|--|-----------------------------|------------------------|------------------|-----------------------------|------------------------|------------------|
| | Unrestricted Operating Fund | Temporarily Restricted | Total | Unrestricted Operating Fund | Temporarily Restricted | Total |
| REVENUE | | | | | | |
| Grants, bequests and member contributions | \$1,300,834 | \$2,111,692 | \$3,412,526 | \$2,088,598 | \$1,564,150 | \$3,652,748 |
| Investment income | 10,617 | | 10,617 | 23,469 | | 23,469 |
| Rental income | 37,506 | | 37,506 | 20,864 | | 20,864 |
| Royalties | 1,242 | | 1,242 | 11,901 | | 11,901 |
| Other | 120,060 | | 120,060 | 98,515 | | 98,515 |
| Net assets released from restrictions | 1,589,938 | (1,589,938) | - | 1,947,339 | (1,947,339) | - |
| Total revenue | 3,060,197 | 521,754 | 3,581,951 | 4,190,686 | (383,189) | 3,807,497 |
| EXPENSES: | | | | | | |
| Program expenses: | | | | | | |
| Economics for the Earth | 645,443 | | 645,443 | 901,301 | | 901,301 |
| International | 625,226 | | 625,226 | 744,363 | | 744,363 |
| Community Health & Environment | 285,745 | | 285,745 | 438,168 | | 438,168 |
| Bluewater Network | 150,812 | | 150,812 | | | - |
| Outreach | 371,254 | | 371,254 | 867,198 | | 867,198 |
| Membership | 204,612 | | 204,612 | 215,570 | | 215,570 |
| Total program expenses | 2,283,092 | | 2,283,092 | 3,166,600 | | 3,166,600 |
| Supporting expenses: | | | | | | |
| Management and general | 490,048 | | 490,048 | 446,885 | | 446,885 |
| Fundraising | 324,187 | | 324,187 | 520,902 | | 520,902 |
| Total supporting expenses | 814,235 | | 814,235 | 967,787 | | 967,787 |
| Total expenses | 3,097,327 | | 3,097,327 | 4,134,387 | | 4,134,387 |
| Change in net assets before contribution of Bluewater Network net assets | (37,130) | 521,754 | 484,624 | 56,299 | (383,189) | (326,890) |
| Contribution of Bluewater Network net assets | 111,211 | | 111,211 | | | - |
| Change in net assets | 74,081 | 521,754 | 595,835 | 56,299 | (383,189) | (326,890) |
| Net assets, beginning of year | 390,402 | 785,270 | 1,175,672 | 334,103 | 1,168,459 | 1,502,562 |
| Net assets, end of year | \$464,483 | \$1,307,024 | \$1,771,507 | \$390,402 | \$785,270 | \$1,175,672 |

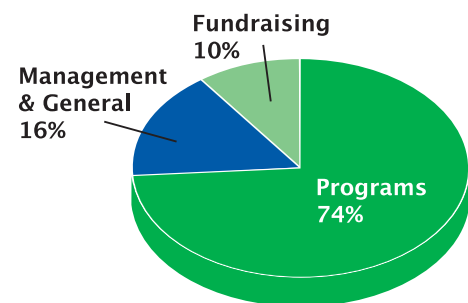
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