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A N N U A L R E P O R T



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Kevin Richardson, from the band Backstreet Boys, teamed with Friends of the Earth's Kristen Sykes and Sara Zdeb to lobby Congress to stop destructive mountaintop coal removal.

2002 in Review: Stopping Bush, Bankers and Biotech Cold

The Orwellian age of disinformation is upon us in full force when it comes to the environment. President Bush trumpets his “Clear Skies” and “Healthy Forests” initiatives, which will dirty the air and decimate forests.

Thanks to your support and to allies ranging from religious to taxpayer groups, Friends of the Earth is standing up to the greatest onslaught on environmental laws by any president ever, and pushing back against bad ideas from Dubuque to Kazakhstan.

■ We helped block the multi-billion dollar Bush energy plan, which the House Republican leadership kept loaded with huge new subsidies for their campaign contributors in the coal, oil, gas and nuclear industries.

■ Friends of the Earth also caught Bush appointee Steven Griles, the number two person at the Interior Department, violating ethics agreements as he sought to favor his former clients with billions of dollars worth of gas leases on public lands.

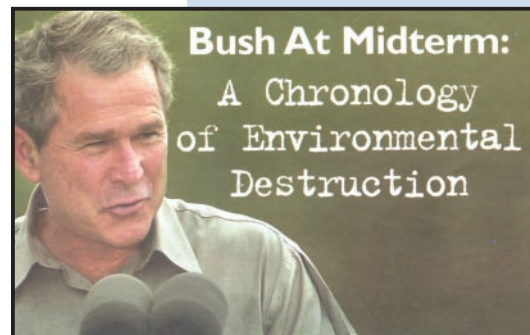
■ We convinced Congress to halve funding for the insurance arm of the World Bank that underwrites environmentally damaging oil and gas projects abroad.

■ And to keep other people’s prescription medicine out of our breakfast cereal, Friends of the Earth produced a groundbreaking report about the shocking practice of genetically engineering crops to contain pharmaceutical drugs and chemicals. Following a contamination incident that we predicted, the government is finally tightening regulations on this activity.

These are just the key highlights of our accomplishments in fighting environmentally damaging boondoggles everywhere from your breakfast table to remote lands.

In 2003, you can count on Friends of the Earth and our 70-country worldwide network to stand up to the Bush administration, our opponents in Congress and their corporate contributors. We’re pressing an innovative lawsuit on climate change, spearheading a campaign to prevent environmental causes of cancer and fending off yet another big tax break for gas-guzzling and tax-evading SUVs.

Thanks once again for your strong partnership in protecting the planet during these very difficult times.



Our *Bush at Midterm* chronology lists Bush’s assaults on the environment since his inauguration. Sen. Hillary Clinton (D-N.Y.) held it up at a press conference.

Ann Hoffman *Brent Blackwelder* *Norman L. Dean*



Ann Hoffman,
Board Chair



Brent Blackwelder,
President



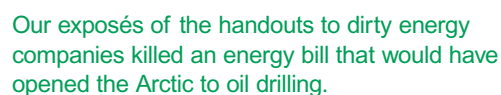
Norman L. Dean,
Executive Director

This past year, the Bush administration appointed anti-environmental friends of industry to high-level administrative positions and paid back their corporate contributors with taxpayer money. The Economics for the Earth Program aggressively fights to ensure that the pursuit of dollars and corporate favors do not result in the destruction of farms, forests and open spaces.



Our work on the energy bill, punctuated by the widely released Green Scissors report *Running on Empty: How Environmentally Harmful Subsidies Siphon Billions from Taxpayers*, carved out Friends of the Earth's niche as the environmental community's leader on identifying environmentally harmful energy subsidies.

Our work was partially successful when President Bush signed the Economic Security and Recovery Act of 2001 into law. This Act contained a two-year extension of the renewable energy tax credit.



To drive home the many ways that President Bush is giving his corporate contributors what they paid for, we created a *Bush at Midterm* chronology listing his administration's assaults on the environment since his inauguration. Month by month, it tallies how his political appointees, at the very agencies set up to protect the environment, are making it easy for corporations to pollute and abuse the planet.

A Government Program That Kills Wildlife

Our Green Scissors Campaign, which works to eliminate fiscally wasteful and environmentally harmful federal spending,

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this year targeted the Wildlife Services Program operated by the U.S. Department of Agriculture.

The bulk of Wildlife Services' budget is earmarked for its "livestock protection" program, aimed at capturing and killing animals like coyotes, foxes, bears and bobcats that can prey upon domestic sheep, goats or cattle. The program operates with little oversight and has resisted efforts to reform its methods and strategy.

The benefits of the "livestock protection" program are limited to a small number of ranchers and carry serious environmental liabilities. It relies on lethal control methods that result in the deaths of thousands of species, including rare, threatened and endangered animals.

Once called on for assistance by ranchers, Wildlife Services' personnel use a variety of wasteful and inhumane methods, routinely killing predators in anticipation of potential losses — not just in response to confirmed damages. In 1998, Wildlife Services spent more than \$20 million to kill over 100,000 predators, primarily coyotes.

This year, we placed large ads in several newspapers in California, Florida, Georgia, Indiana and Oklahoma. These ads are unpleasant to look at, but they call attention to a program that indiscriminately slaughters animals.

YOUR TAX DOLLARS AT WORK

Federal "Wildlife Services" is a major WILDLIFE KILLER

Each year, tens of thousands of coyotes and other wild animals are ruthlessly chased down and shot by federal agents using live traps, helicopters. Others are baited with poison, or gassed in their dens, or subjected to an agonizing death in steel leghold traps.

Speak Out Now It's time to ask our representatives in Congress why we're paying for this program, and what they plan to do about it. You can get the information you need at www.foe.org/wildliveservices.

All in the name of protecting America's livestock. A farmer or rancher can simply call the U.S. Agriculture Department, and the people in its "Wildlife Services" program do the rest.

Millions of taxpayer dollars go into this slaughter every year, despite the fact that there are humane alternatives for predator control, and despite the program's danger to pets and children.

What's more, destroying predator species can seriously disrupt the balance of nature — and be counterproductive for agriculture. Coyotes, for example, prey mostly on pests like rabbits and mice.

Friends of the Earth
 A non-profit organization of the Earth.
 Find out more at www.foe.org/wildliveservices
 Photo by John M. Brown, courtesy of the National Wildlife Agency (NWA)

S U C C E S S S T O R Y

Turning the Interior Department Inside-Out

Our work grappling with the Bush administration led us to the Department of the Interior, where we have focused our energy on the misdeeds of Deputy Secretary of the Interior J. Steven Griles.

Griles is a former lobbyist for the oil, mining and gas industries. Therefore, he was required to sign ethics statements when he joined the government, which forbade him from working on issues with his former clients.

In May, we caught Griles violating these ethics agreements in a memo he wrote to the Environmental Protection Agency (EPA). Our discovery led to a *Washington Post* story. He attempted to use his power to help his mining pals by pressuring the EPA not to mandate another environmental study for a destructive coal bed methane project.

Then, this past spring we obtained Griles' calendars, and found that he continued to meet with his former clients and employers — 50 times. In fact, Griles met with one of his former employers, the lobby firm National Environmental Strategies (NES), on numerous occasions. NES provides strategic advice, guidance and advocacy to companies, including Arch Coal, Chevron and the National Mining Association. Currently, NES is paying Griles \$284,000 for the next four years to purchase his client base.

Armed with this information, we took our story to *The Washington Post*, which ran a front-page story. Other papers followed with editorials supporting our position.



Our discovery of the Deputy Secretary of the Interior violating ethics agreements led to a front-page *Washington Post* story.

"It's not surprising that (Deputy Secretary of the Interior) Griles is up to his old tricks, looking out for his pals in the mining industry," said Kristen Sykes, an Interior Department watchdog for Friends of the Earth. "That's what happens when you hire the fox to guard the hen house."

— Inside Energy, May 27, 2002

Safeguarding the Food Supply



Paul McCartney endorsed Measure 27 in Oregon that would require labeling of food containing genetically engineered ingredients and, at our request, recorded a radio spot promoting the measure.

Despite the biotech industry paying billions of dollars for its reckless behavior, it continues to threaten our food supply with untested genetically engineered food not approved for human consumption. The Community, Health and Environment Program stayed one step ahead of the industry to avert major threats to our health and environment.

Genetically Engineered StarLink Corn Banned

In the summer of 2001, Friends of the Earth brought two people who suffered severe unexplained allergic reactions after eating corn products to testify before an Environmental Protection Agency Scientific Advisory Panel convened to determine the fate of StarLink corn.

The corn was banned from planting after Friends of the Earth discovered it in taco shells the previous year, but the agency was hearing an appeal by the developer to allow some level to remain in the food supply for four years. After hearing compelling testimony, the panel decided in July 2001 not to approve any level of StarLink for human consumption.

The biotech and grain handling industries have spent approximately \$1 billion so far to ensure that no StarLink makes it to your dinner table.

The food industry is now being more cautious as it did not bring one new engineered crop species to the marketplace in 2001, despite industry plans to commercialize engineered sugar beets, wheat and rice.

Biopharmaceutical Corn Limited – by Its Own Developers

A few maverick biotech companies are engineering a new class of crops with

“If the USDA continues to allow biopharm food crops to be planted, someone is going to get prescription drugs or industrial chemicals in their cornflakes,” said Larry Bohlen, director of Friends of the Earth’s health and environment program.

— *The Atlanta Journal Constitution*,
Nov. 17, 2002

substances that will never be approved for direct human consumption. Their hope is to create a cheaper way to produce pharmaceutical drugs and industrial chemicals. Besides threatening our health, the crops might prove harmful to deer and birds that eat grains from farm fields.

In October 2002, the biotech industry announced that it would no longer grow experimental plots of corn engineered with industrial chemicals or prescription drugs. It was spurred by a media groundswell generated by Friends of the Earth’s June 2002 report entitled, *Manufacturing Drugs and Chemicals in Crops*.

The report documents the U.S. Department of Agriculture (USDA) violation of its own guidelines to prevent contamination, and biotech companies attempt to weaken government regulations. All of this while the National Academy of Sciences, among other credible sources, issued warnings that contamination is inevitable. According to National Food Processors Association Vice President Dr. Rhona Applebaum, “We’re still living under the problems created by StarLink.”

Frightened by the prospect of another massive food recall or harm to consumers due to inadvertent exposure, the food processing industry — including Kraft Foods



We successfully organized public demonstrations by local groups and individuals at grocery stores in over 200 cities demanding that Kraft stop using genetically engineered ingredients.

and General Mills — has taken up the banner of concern and pressured the biotech industry to pledge not to use food crops for “biopharming” at all.

Unfortunately, the biotech industry relaxed its “no-plant” policy in November when the USDA announced it would toughen regulations over planting of these crops.

Your Choice for Safer Food Protected

Friends of the Earth kicked off a new campaign with our Genetically Engineered Food Alert coalition partners. We are challenging Kraft Foods, the largest food company in the United States, to stop using genetically engineered ingredients.

We coordinated DNA testing of Kraft Foods that showed genetically engineered ingredients in numerous Kraft brands including Taco Bell taco shells, Boca Burgers and Snackwell’s crackers.

In February, we organized local groups and individuals in over 170 cities in public demonstrations for safer food. The action generated hundreds of stories at the local level and articles in *The Wall Street Journal* and *The Chicago Tribune*. This was followed by demonstrations in more than 200 cities and at Kraft’s shareholder meeting in April. Today, Kraft appears to be taking action to remove or reduce the use of genetically engineered corn in its products and to avoid other engineered ingredients.

S U C C E S S S T O R Y

From Supportive Intern to Campus Powerhouse

Friends of the Earth is not only one of the country’s most cutting edge environmental organizations, its internship and fellowship program is also a training ground for future environmental leaders like Lisette Singer.

This Oakland, Calif. native and senior in Environment, Economics and Politics at Scripps College in California, served two consecutive summers as an intern with Friends of the Earth. During her first summer, she played an important supporting role in our discovery of an unapproved variety of genetically engineered corn, StarLink.

“Friends of the Earth is relatively small but the impact that we have is amazing. It was a truly supportive, inspiring environment to be working in,” said Singer.

Singer took her experiences at Friends of the Earth and translated them into action, winning the office of co-president of the Claremont Colleges Ecoclub and instituting Claremont Colleges’ first Environmental Review Committee.

She now serves as the student coordinator of the Kraft Safer Food Campaign and the regional coordinator for the national student environmental organization *Free the Planet!*

“I’ve always been passionate about the environment, but my time at Friends of the Earth was key to my future career in the environmental movement,” said Singer.



From experiences learned as a fellow at Friends of the Earth, Lisette Singer is motivating student activists at Claremont College and instituting the college’s first Environmental Review Committee.

Exposing U.S. Corporate Misdeeds Abroad



Photo: Steve Herz

Melanie Baesi, who we met on our fact-finding mission to Tanzania, waited for her sons to come home from mining the night of Aug. 7, 1996 – to only later find out they had been buried alive with 10 others.



Photo: Derrick Hindery, Amazon Watch

Our investigations into the Cuiaba pipeline in Bolivia and Brazil, resulted in the export credit agency cancelling all loans to Enron. The damage has already been done shown by the pipeline supplies holding area above.

The United States gives away “free public money” to U.S. corporations for projects overseas, resulting in human rights violations and the destruction of pristine wilderness. The International Program explores innovative tactics and forms diverse coalitions to confront those who seek to exploit the Earth, rather than protect it.

The World Bank: Lending Money to the Rich

In July 2001, Friends of the Earth released a report entitled, *Risky Business*, which focused on the World Bank’s insurance arm, the Multilateral Investment Guarantee Agency (MIGA). MIGA is a little-known agency funded by the United States that has guaranteed a host of absurd projects, such as off-shore oil platforms and cyanide-based gold mines. MIGA’s activities include guarantees to Coca-Cola bottling plants, a yacht club in Albania and a five-star luxury spa in Senegal.

The report galvanized a debate about MIGA’s contribution to the World Bank’s mission to promote sustainable development and poverty alleviation. It led to the U.S. Congress cutting the United States’ contribution to this agency by 50 percent.

In the spring of 2002, MIGA considered insuring the Bujagali Dam in Uganda. This dam would have destroyed the Bujagali Falls on the Nile River, jeopardizing a burgeoning ecotourism industry, displacing thousands of people and potentially affecting rare species. Plans for the dam were also plagued by secret agreements and allegations of corruption. We highlighted these issues with Bank board members, working with our partners like the International Rivers Network.

Our campaign efforts to reform the Overseas Private Investment Corporation (OPIC) resulted in this agency declining

support for the Bujagali Dam. Due to pressure from Friends of the Earth and others, OPIC enforced its prohibition on U.S. taxpayer support for destructive large dams. OPIC has also pledged to implement the guidelines of the World Commission on Dams in its future lending decisions.

Investigating Damaging Projects Overseas

Friends of the Earth went on a fact-finding mission to Tanzania to investigate allegations that a Canadian mining company, Sutton Resources, bulldozed over mining pits and buried alive 52 miners. Additionally, in August 1996, Tanzanian authorities forcibly evicted tens of thousands of miners to make way for Sutton Resources.

We worked with these communities to initiate an investigation by a World Bank policy compliance unit. The unit concluded MIGA failed to conduct extensive due diligence in the area before agreeing to participate in the mining project.

We also participated in another fact-finding mission to Azerbaijan and Georgia to investigate the proposed Baku-Tbilisi-Ceyhan oil pipeline. This \$3 billion pipeline will transport crude oil over 1,000 miles from the Caspian Sea through Azerbaijan, Georgia and Turkey for export to the United States and Europe. The Bush administration is touting the Caspian Sea as a new source of oil for U.S. markets and a way to increase energy security post September 11th. But development has to be done correctly in this very sensitive region – where government corruption often comes before human welfare.

John Browne, the head of the lead sponsor, British Petroleum, said that “free public money” from the international financial institutions was needed to make this project possible. If Browne’s assessment

S U C C E S S S T O R Y

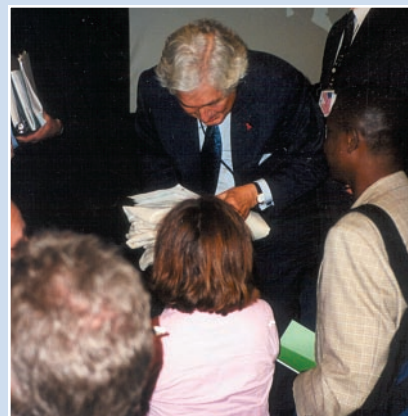
Blocking Loans to Environmentally and Socially Harmful Projects Abroad

The Washington Post broke a series of stories prompted by Friends of the Earth's findings that bankrupt Enron received \$2.4 billion for several failed power ventures around the globe, including the illegal Cuiaba pipeline in Bolivia. The pipeline would cut through the world's largest remaining tract of primary tropical dry forest, violating the rules of OPIC. As a result OPIC cancelled all loans to Enron, and the U.S. Justice Department is currently investigating all loans made by OPIC.

We also worked with Romanian activists fighting what would be Europe's largest surface goldmine — the Rosia Montana Gold Mine project. Friends of the Earth International brought the activists to Washington, D.C., to ask World Bank President James Wolfensohn to stop funding the controversial project. Just days later the Bank announced it would not support the project. According to a Bank source, Wolfensohn personally pulled the plug on the project after speaking with the activists and reviewing the project.

As we bring ongoing problems with large extractive and infrastructure projects to light, government-funded agencies are beginning to heed our call to set up oversight processes that shift their portfolios away from destruction. For instance, the U.S. Congress forced the U.S. Export-Import Bank to set up a Renewable Energy Advisory Committee comprised of representatives from solar and wind industries and non-governmental organizations.

Photo: Jannette Brull



Romanian activists present World Bank President James Wolfensohn with drawings by Romanian children who would be affected by the Rosia Montana gold mine.

“What we have going on here are the most powerful corporations in the world, and they are carrying out activities around the world that are destroying forests, polluting the oceans, ruining land, poisoning people. They have got to change. They have got to start abiding by rules,” said Friends of the Earth President Brent Blackwelder.

— CNN Live Today,
Feb. 1, 2002

Photo: Nino Gujarado, Green Alternative



Although communities along a 1,000-mile pipeline in the Casian Sea Region are in desperate need of energy supplies, the project will not provide any oil to them.

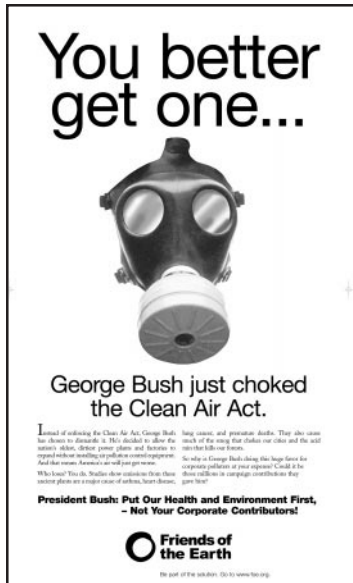
is accurate, taxpayer monies are being used to make a questionable, high-risk project financially viable.

U.S. Sued for Causing Global Climate Change

We're pressing one of the most important lawsuits in our 33-year history against the Overseas Private Investment Corporation and the U.S. Export-Import Bank. Friends of the Earth charges that these U.S. agencies failed to account for the impacts of climate change when they financed fossil fuel projects, a violation of their obligations under the National Environmental Policy Act. The City of Boulder, Colo., and the City of Oakland, Calif., are joining us in this first ever climate change lawsuit brought against the U.S. government.

As the lawsuit proceeds, we are campaigning against more environmentally destructive projects heading for approval, such as the Camisea natural gas project in Peru. Friends of the Earth and Amazon Watch, commissioned an independent analysis, which found that the project would have “irreversible” impacts on the biodiversity of this area and on the indigenous groups. Yet, the U.S. Export-Import Bank has indicated that the National Environmental Policy Act is not applicable to this project.

Rallying Moderates in Congress



This *USA Today* ad criticizes Bush's plan to allow the nation's dirtiest, oldest power plants and factories to expand without installing air pollution control equipment.

"The White House is using Enron accounting to hide assaults on clean water, clean air and conservation programs," said Sara Zdeb, Friends of the Earth's legislative representative.

— *The Washington Times*,
Feb. 5, 2002

When it comes to Capitol Hill, one word summarizes 2002: gridlock. A Democratic Senate blocked many of the Bush administration's worst environmental proposals, but was unable to make any forward progress. However, Friends of the Earth made strides despite these difficult circumstances.

Fighting Waste Dumping in Streams

In 2000, Friends of the Earth helped stop a major weakening of the Clean Water Act from moving forward. In early 2002, the Bush administration announced plans to resurrect the rule change, which would allow polluters to dump industrial waste into waterways across the country. This rule change was an attempt to head off a court challenge to the administrations' approval of mountaintop removal mining permits. In mountaintop mining, coal companies literally blow the tops off mountains, and dump the resulting waste into nearby valleys and streams.

The practice has buried more than 1,000 miles of West Virginia streams and has devastated communities by destroying homes and increasing the risk of flooding. And while the Clean Water Act outlawed these "valley fills," the federal government routinely approved them anyway.

Rather than comply with the law, the Bush administration issued the rule intended to rewrite it. In May 2002, the Environmental Protection Agency (EPA) and the U.S. Army Corps of Engineers approved a new regulation that would not only legalize valley fills, but would turn our waterways into dumping grounds for industrial polluters.

Friends of the Earth teamed with members of Congress to generate opposition



Friends of the Earth President Brent Blackwelder and members of Congress battle the fast track trade bill that gives multinational corporations greater rights than the environment.

to the rule, working with a bipartisan group including Reps. Chris Shays (R-Conn.) and Frank Pallone (D-N.J.). We worked to introduce legislation reversing the rule change and encouraged Sens. Jim Jeffords (I-Vt.) and Joe Lieberman (D-Conn.) to hold an oversight hearing in the Environment Committee.

Farm Bill Success

This year Congress debated a bill to extend the nation's system of farm programs. While the bill increased funding for conservation programs that assist farmers in protecting ecosystems and habitat, these increases were offset by a massive surge in anti-environmental crop subsidies. Worse, for the first time, the bill makes polluting factory farms eligible for federal funding under the Agriculture Department's conservation programs. Although the bill was an overall disappointment for environmentalists, Friends of the Earth scored two important victories.



We worked closely with the local communities and groups most affected by mountaintop removal, helping to bring West Virginia and Kentucky activists to Capitol Hill to lobby legislators.

While the Agriculture Department has traditionally funded biotechnology research geared toward creating new agricultural products, they have failed to adequately research the risks posed by biotechnology. We worked with Rep. Dennis Kucinich (D-Ohio) and Sen. Barbara Boxer (D-Calif.) to successfully pass language that doubled the amount of money the Agriculture Department spends on biotechnology risk assessment research.

Friends of the Earth also helped remove language from the farm bill that would have jeopardized the 2005 phase-out of methyl bromide, a toxic pesticide. Methyl bromide poses serious risks to farm workers and communities, and exposure to high concentrations of the chemical can damage the central nervous system, respiratory system and eyes. It is also an ozone depleting substance that attacks the Earth's ozone layer at a rate 50 times that of CFCs.

The Clean Air Act and the Montreal Protocol, an international treaty on ozone, require the United States to phase out use of methyl bromide by 2005. Language in the farm bill passed by the House of Representatives included a loophole allowing the Agriculture Department to undercut these requirements, and even removing EPA oversight. We teamed with environmental groups and members of Congress to revise the harmful language, and the final bill signed into law no longer threatens the elimination of this dangerous pesticide.

S U C C E S S S T O R Y

Forcing Reform Before Funding for the U.S. Army Corps of Engineers

Friends of the Earth was part of a successful campaign to defeat a bill authorizing new Army Corps of Engineers projects. With other groups in a nationwide "Corps reform" network, we convinced a bipartisan group of House members to block legislation that failed to overhaul the agency's economic and environmental impacts.

For years, the Corps has doled out taxpayer dollars for wasteful water projects, destroying wetlands and other ecosystems along the way. This year the General Accounting Office and National Academy of Sciences found large errors in the agency's economic analyses, inadequate consideration of environmental impacts, favoritism for large and expensive projects and frequent failure to perform adequate environmental mitigation for projects.

Working with a coalition of environmental and taxpayer groups, Friends of the Earth used the momentum generated by these studies to gain support for Corps reform in Congress. When the House leadership attempted to pass a bill that authorized new water projects without reforming the agency, we participated in an intensive daylong lobby effort. As a result, the bill was pulled from consideration and the stage set for legislation reforming the Corps.



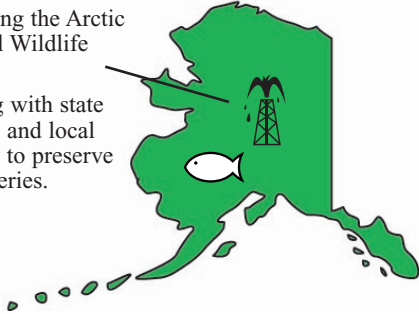
We worked with members of Congress to block legislation that authorized new Corps of Engineers water projects that could potentially destroy wetlands that are important for migratory birds.

Taking Action in Your Backyard

Alaska

Preserving the Arctic National Wildlife Refuge.

Working with state officials and local industry to preserve our fisheries.



Washington

Working to restore endangered salmon runs in the Columbia, Elwha and Snake river basins.

Oregon

Removing dams to restore the damaged ecosystems and replenish endangered fish species on the Snake and White Salmon rivers.

West and Northwest

Exposing the administration's plans to devastate our national forests.

California

Showing in our *Green Scissors* report how the state could close its budget deficit by cutting the big subsidies to polluters.

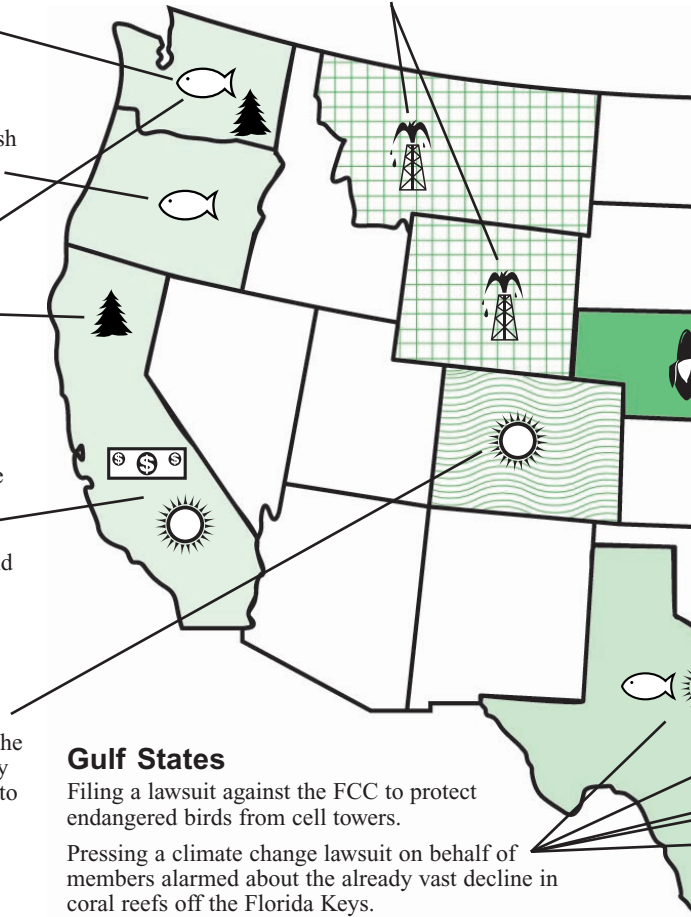
Pressing a lawsuit together with the City of Oakland to protect the city's drinking water supply from the effects of climate change.

Colorado

Pressing a lawsuit together with the City of Boulder to protect the city from droughts and wildfires due to climate change.

Montana and Wyoming

Protecting the Powder River Basin and other wild places from further destructive oil and gas development.



Gulf States

Filing a lawsuit against the FCC to protect endangered birds from cell towers.

Pressing a climate change lawsuit on behalf of members alarmed about the already vast decline in coral reefs off the Florida Keys.

Working with government and industry to preserve our fisheries.



S U C C E S S S T O R Y

The D.C. Environmental Network: Greening the U.S. Capital

When the local government tried to make it legal to dump raw sewage into the Anacostia River, the DCEN's Clean Water Campaign stopped these efforts in their tracks. Our strategy to defeat this plan was simple. We demanded that D.C. Mayor Anthony Williams keep the promise he

made March 28, 2001, to "clean up these bodies of water to a point where people can swim and fish in them within our lifetime." Coordinating over 30 organizations as well as hundreds of volunteers, DCEN's Clean Water Campaign delivered over 24,000 door hangers to district residences, placed ads in seven local newspapers and generated hundreds of faxes and e-mails to Williams.

Nebraska and Iowa

Fighting against unregulated biopharmaceutical crops grown in corn fields that can contaminate the food supply.

Indiana

Opposing the huge Interstate 69 highway project that will destroy wetlands and forests and promote suburban sprawl.

New York

Fighting for corporate responsibility on Wall Street by monitoring companies that try to hide environmental risks from shareholders.

New England

Pressing a lawsuit with members alarmed about the projected loss of sugar maples due to climate change.

Working with state officials and local industry to preserve our fisheries.

Washington, D.C.

Opposing administration and congressional policies that are anti-environmental and wasteful by producing the *Green Scissors* report on the federal budget.

Stopping the dumping of raw sewage in the Potomac and Anacostia rivers.

West Virginia

Leading the fight against a coal mining technique that rips the tops off of mountains and pollutes waterways.

Virginia

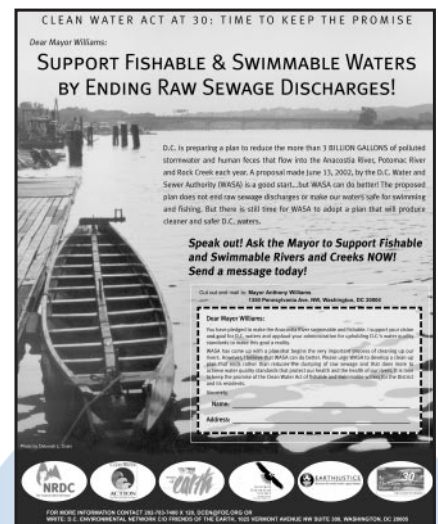
Opposing a road project that threatens historic farms and neighborhoods with pollution and suburban sprawl.

Carolinas

Pressing a climate change lawsuit on behalf of members alarmed about storm surges jeopardizing their coastal property.

When wealthy, anti-environmental interests tried to weaken and stop passage of important D.C. legislation to protect trees, members of our DCEN Re-Tree D.C. Coalition launched an aggressive outreach campaign. DCEN activists went house-to-house giving residents literature and telling them to contact their Council representatives and demand the

restoration of substantive protections. These actions forced officials to come to the table and develop a plan to re-tree the district. The re-negotiated legislation will protect larger trees and help reverse the almost 50 percent tree loss the district has experienced in the past three decades.



With the help of this ad, we pressured D.C. Mayor Anthony Williams to not legalize the dumping of raw sewage in the district's rivers.

Your Contributions Protecting the Planet

Friends of the Earth

Balance Sheets

	June 30, 2002			June 30, 2001		
	Unrestricted Operating Fund	Temporarily Restricted	Total	Unrestricted Operating Fund	Temporarily Restricted	Total
ASSETS						
Current assets:						
Cash and cash equivalents		\$307,407	\$307,407		\$750,622	\$750,622
Accounts receivable:						
Grants, contributions and bequests	\$177,789	49,155	226,944	\$175,624	18,790	194,414
Other	42,721		42,721	66,146		66,146
	220,510	49,155	269,665	241,770	18,790	260,560
Due from other fund	28,962		*		68,987	*
Due from Friends of the Earth (Action), Inc.	16,390		16,390			-
Promises to give, current		986,958	986,958		1,109,467	1,109,467
Prepaid expenses and other assets	60,559		60,559	53,347		53,347
Total current assets	326,421	1,343,520	1,640,979	295,117	1,947,866	2,173,996
Fixed assets:						
Furniture and equipment	529,295		529,295	510,144		510,144
Leasehold improvements	38,596		38,596	38,596		38,596
	567,891		567,891	548,740		548,740
Less accumulated depreciation and amortization	486,567		486,567	439,330		439,330
	81,324		81,324	109,410		109,410
Other assets:						
Promises to give, net of current portion		75,000	75,000			-
Pooled income fund, at market value		84,020	84,020		90,930	90,930
Charitable gift annuity, at market value	73,069		73,069	49,303		49,303
Deposits	18,400		18,400	18,400		18,400
	91,469	159,020	250,489	67,703	90,930	158,633
Total assets	\$499,214	\$1,502,540	\$1,972,792	\$472,230	\$2,038,796	\$2,442,039
LIABILITIES AND NET ASSETS						
Current liabilities:						
Accounts payable and accrued expenses	\$187,788		\$187,788	\$60,366		\$60,366
Accrued leave	89,013		89,013	76,596		76,596
Due to Friends of the Earth (Action), Inc.			-	4,262		4,262
Due to other fund		\$28,962	*	68,987		*
Retirement benefit, current portion			-	10,101		10,101
Deferred lease liability, current portion	15,948		15,948	15,948		15,948
Total current liabilities	292,749	28,962	292,749	236,260		167,273
Other liabilities:						
Deferred revenue - pooled income fund		28,241	28,241		\$37,851	37,851
Retirement benefit, less current portion			-	131,311		131,311
Charitable gift annuity liability	56,993		56,993	31,825		31,825
Deferred lease liability, less current portion	8,748		8,748	25,391		25,391
	65,741	28,241	93,982	188,527	37,851	226,378
Total liabilities	358,490	57,203	386,731	424,787	37,851	393,651
Commitments						
Net assets:						
Unrestricted	140,724		140,724	47,443		47,443
Temporarily restricted:						
Operating fund		1,246,916	1,246,916		1,802,524	1,802,524
Reserve fund		145,000	145,000		145,000	145,000
Endowment fund		53,421	53,421		53,421	53,421
	140,724	1,445,337	1,586,061	47,443	2,000,945	2,048,388
Total liabilities and net assets	\$499,214	\$1,502,540	\$1,972,792	\$472,230	\$2,038,796	\$2,442,039

* Interfund assets and liabilities have been eliminated

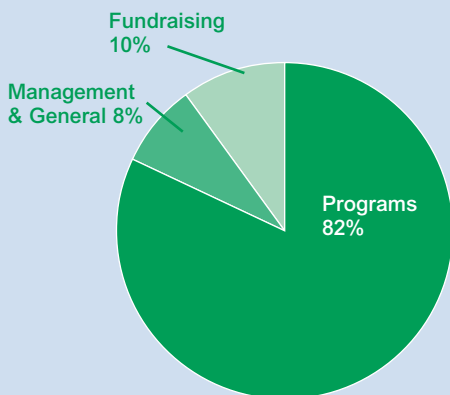
Copies of the complete audited financial statements, from which this information is extracted, are available upon request.

Friends of the Earth

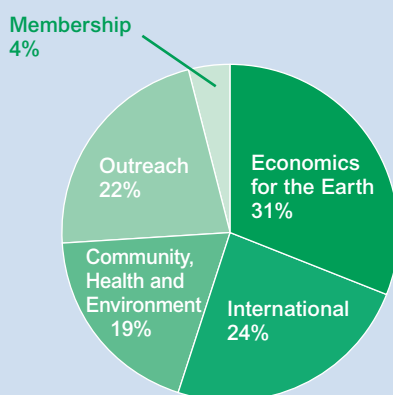
Statements of Activities

	For the Year Ended			For the Year Ended		
	June 30, 2002			June 30, 2001		
	Unrestricted Operating Fund	Temporarily Restricted	Total	Unrestricted Operating Fund	Temporarily Restricted	Total
REVENUE:						
Grants, bequests and member contributions	\$1,740,083	\$1,824,410	\$3,564,493	\$1,627,173	\$2,575,626	\$4,202,799
Investment income	2,205		2,205	24,138		24,138
Rental income	23,172		23,172	19,751		19,751
Royalties	17,086		17,086	1,466		1,466
Retirement benefit	141,412		141,412	31,890		31,890
Other	54,940		54,940	111,459		111,459
Net assets released from restrictions	2,380,018	(2,380,018)	-	2,145,650	(2,145,650)	-
Total revenue	4,358,916	(555,608)	3,803,308	3,961,527	429,976	4,391,503
EXPENSES:						
Program expenses:						
Economics for the Earth	1,086,895		1,086,895	789,441		789,441
International	815,097		815,097	854,820		854,820
Community Health & Environment	668,447		668,447	529,373		529,373
Outreach	771,423		771,423	870,704		870,704
Membership	124,609		124,609	85,736		85,736
Total program expenses	3,466,471		3,466,471	3,130,074		3,130,074
Supporting expenses:						
Management and general	358,708		358,708	411,897		411,897
Fundraising	440,456		440,456	397,163		397,163
Total supporting expenses	799,164		799,164	809,060		809,060
Total expenses	4,265,635		4,265,635	3,939,134		3,939,134
Change in net assets	93,281	(555,608)	(462,327)	22,393	429,976	452,369
Net assets, beginning of year	47,443	2,000,945	2,048,388	25,050	1,570,969	1,596,019
Net assets, end of year	\$140,724	\$1,445,337	\$1,586,061	\$47,443	\$2,000,945	\$2,048,388

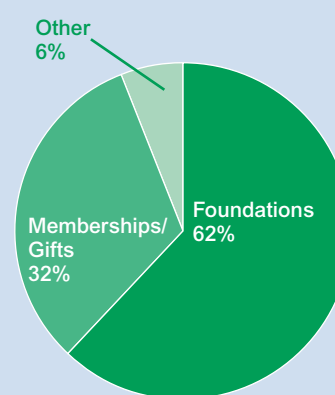
Expenses



Programs



Revenues



Friends of the Earth receives high marks from charity watch groups such as the American Institute for Philanthropy and Charity Navigator.

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Friends of the Earth thanks our supporters, including both those who could not be listed due to space constraints and those who chose to remain anonymous.

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July 1, 2001 - June 30, 2002

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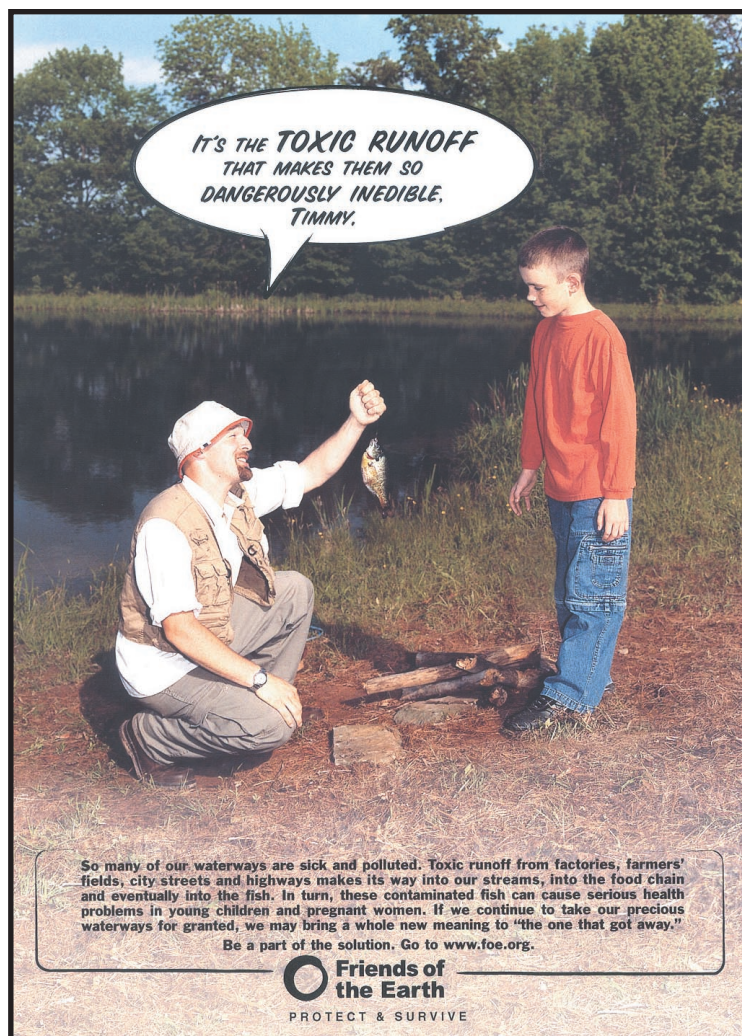
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A series of ads aimed at 20-somethings debuted in *Rolling Stone*, *Men's Journal* and *US Weekly* thanks to pro bono support of Jann Wenner and New York ad agency D'Arcy, Masius, Benton & Bowles.

Our ads caught the eye of *Creativity* magazine, which wrote, "Friends of the Earth is getting hip, with a funky, funny print campaign aimed at the next generation of SUV drivers. The ads direct traffic to the aggressively-URL'd www.foe.org."

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The late Michael Slater often visited the wilderness areas that he championed as an early leader and lifetime supporter of Friends of the Earth.

In Memory of an Environmental Leader: Michael Wylie Slater

The environment lost a strong champion with a big heart when former Friends of the Earth Board President Michael Slater passed away Dec. 8, 2001.

A member of Friends of the Earth since shortly after its founding in 1969, Slater served on our board for many years in the 1980s. He gave generously of his time and financial resources to various key activities, including the Friends of the Earth Action PAC. Slater once sent a small "restricted contribution for the purpose of having a good time and letting off steam."

Michael Slater shared his passion for protecting the environment with his wife of 34 years, Teri, who works tirelessly as a preservationist to save historic landmarks, and also with their two sons, Eric and Edward.

Friends of the Earth thanks the Slater family and dozens of their friends who honored the legacy of Michael Slater with memorial gifts.

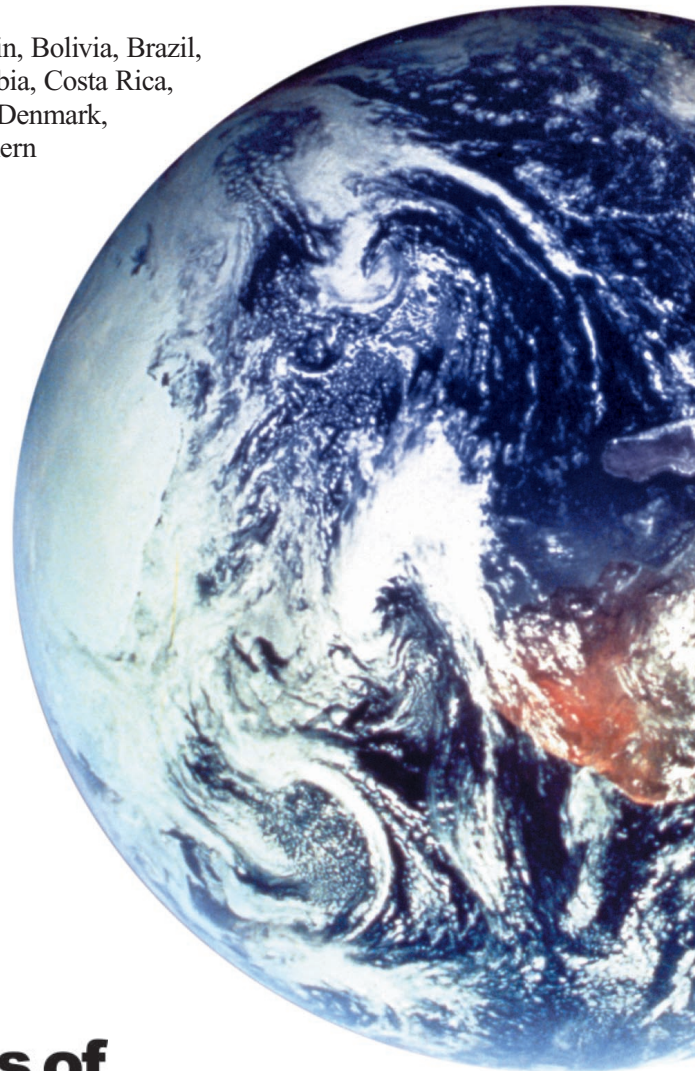
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