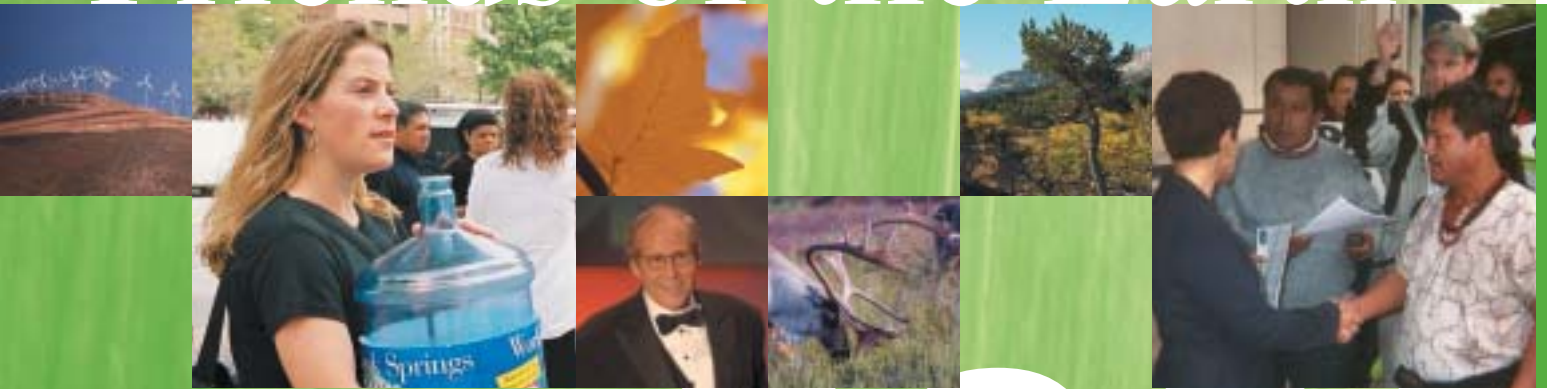


Friends of the Earth



2003

Annual Report



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, Belgium, Benin, Bolivia, Brazil, Bulgaria, Cameroon, Canada, Chile, Colombia, Costa Rica, Croatia, Curacao, Cyprus, Czech Republic, Denmark, Ecuador, El Salvador, England-Wales-Northern Ireland, Estonia, Finland,

France, Georgia, Germany, Ghana, Greece, Grenada, Haiti, Honduras, Hungary, Indonesia, Ireland, Italy, Japan, Latvia, Lithuania, Luxembourg, Macedonia, Malaysia, Mali, Malta, Mauritius, Nepal, Netherlands, New Zealand, Nicaragua, Nigeria, Norway, Papua New Guinea,

Paraguay, Peru, Philippines, Poland, Scotland, Sierra Leone, Slovakia, South Africa, South Korea, Spain, Sri Lanka, Sweden, Switzerland, Togo, Tunisia, Ukraine, United States, Uruguay.

A Plan for Action



Thanks to your support, Friends of the Earth has been able to pursue smart, effective strategies to protect the planet from one of the greatest threats ever to our environmental laws – the Bush administration. As you doubtless know, the administration has launched a well-coordinated attack on virtually every major environmental law protecting our air, water, health and wildlife.

In addition, the administration has been giving away environmentally destructive favors to its corporate friends at an unprecedented rate. Senator John McCain could have been describing any of dozens of proposals when he characterized the energy legislation supported by President Bush as a “leave no lobbyist behind” barrel of pork for selected industries and campaign contributors.

Fortunately, our environmental network of groups in 70 countries makes us a strong global force capable of fighting such corporate projects as coal power plants and oil pipelines that are destroying the natural world and contributing to serious problems such as global warming. For example, we stopped a major U.S. lending agency from financing a destructive gas pipeline through a remarkable Peruvian rainforest.

Across the world and here in the United States, we tallied significant accomplishments this past year in a very tough climate. We hope you will share our pride in the accomplishments this report outlines. We uncovered the fact that the person running the day-to-day operations of the Interior Department is still on the payroll of his former employer – a lobbying firm for major energy companies. We kept new genetically engineered foods off the grocery store shelves for another year.

But much work remains to be done. We are embarking on an ambitious action plan for 2004. Our Interior Watchdog program will continue to expose the unethical tactics and corporate influence within the Interior Department. Our Health and Environment program is spearheading a major cancer prevention initiative examining the causes of cancer linked to toxins in our environment. Friends of the Earth will continue to hold members of Congress accountable for their votes; prevent the World Bank and other lending institutions from financing destructive practices abroad; and will stop our taxpayer dollars from being wasted on projects that destroy the environment.

Thank you again for your commitment to Friends of the Earth. Your support is vital to the success of our ongoing initiatives. You can count on Friends of the Earth in 2004 to speak out first and never back down in the face of threats to the planet.

Ann Hoffman,
Board Chair

Brent Blackwelder,
President

Norman L. Dean,
Executive Director

Economics for

Shining a Light on Bush's Corporate Bias



photo credit: Lex Haines, Montana Wilderness Association

We fight government giveaways that hurt the environment by advocating for economic policies that promote sustainable development, strengthen communities and provide economic security.

The Corporate Takeover of the Interior Department

We have exposed unethical corporate influence within the federal government. A key target has been J. Steven Griles, a former oil, mining and gas lobbyist who is the second in command at the Interior Department – the department charged with protecting our public lands. Before becoming deputy secretary, Griles signed ethics agreements that prohibited him from working on issues with his former clients.

But during his tenure, Griles has met regularly with clients of his former employer, National Environmental Strategies (NES), and is receiving \$284,000 per year from NES as part of a \$1.1 million payout for his “client base.” All along Griles has been playing a key role in decisions affecting the Clean Air Act, oil and gas leasing on the Outer Continental Shelf, coal bed methane development in Wyoming’s Powder River Basin and wetland permit rules.

The PBS show *NOW* with Bill Moyers featured Friends of the Earth’s work

exposing Deputy Secretary of the Interior Griles’ ethics violations and the corporate influence within the department. After we worked for several months with Associated Press reporters, they broke a story about Griles and his involvement in meetings on oil leases off California’s coast. These meetings included former corporate clients of Griles, who stood to make millions from the final outcome. Three days after this story Sen. Joseph Lieberman (D-Conn.) requested an official investigation into whether the Interior Department is properly enforcing its ethics agreements. The outcome of this investigation could result in significant changes in how the Interior Department deals with employees who violate their ethics agreements in order to help their former employers.

The Energy Plan Debacle

The Bush administration pushed hard for its 19th century energy plan, which would hand billions to the fossil fuel and nuclear power industries and a pittance to clean energy such as solar and wind power. With our 2003 *Green Scissors* report, we pushed back by exposing new subsidies for the coal, oil, nuclear and gas industries.

In total, *Green Scissors* highlights 68 environmentally harmful and wasteful federal programs that, if cut, would save federal taxpayers more than \$58 billion. *Green Scissors* is developed by a coalition of environmental, taxpayer and consumer groups led by Friends of the Earth. As part of our Green Scissors work, we publish a

The Interior Department was established to protect lands like these — but Bush corporate cronies within the department such as Griles would rather see drilling rigs and pipelines than beautiful landscapes.

the Earth

bi-weekly update, *Power Politics*, which shows the link between members of Congress, campaign contributors and polluting energy proposals.

Putting up a Roadblock

Friends of the Earth is working to keep federal transportation dollars from supporting the destruction of vast and increasingly scarce areas of open space, wildlife habitat and agricultural lands. In early 2004, Congress will work to reauthorize the major legislation that funds highways and transit construction. Friends of the Earth is advocating for increased support for transit and rail, while calling for limited federal dollars flowing to new highway projects.

In Indiana, Friends of the Earth has done extensive work with organizations fighting the destructive I-69 highway project. This 140-mile, \$1.8 billion project would demolish thousands of acres of farms and forests and divide an Amish community. In October, after the release of the draft I-69 Environmental Impact Statement, Friends of the Earth and our coalition partners mailed two action packets to more than 100,000 state residents. We also ran television and full-color newspaper ads in several Indiana towns and cities. All of these ads and direct mail pieces included a mail-back card for people to submit comments on the Environmental Impact Statement. In a showing of critical mass, 94 percent of the people who submitted comments to the Indiana Department of Transportation opposed building a whole new highway.

After we ran this ad in several Indiana newspapers, thousands of people sent comment cards to the Indiana Department of Transportation telling them to support an environmentally friendly alternative.

Credit: Vanity Fair, September 2003, The Condé Nast Publications Inc.

Our Interior Department Watchdog Kristen Sykes worked with *Vanity Fair* on a story about how Secretary Gale Norton and her powerful deputy, J. Steven Griles, have allowed industry to exploit America's wilderness.

Health and Env

Protecting our Right to Know



Friends of the Earth is working to reduce significant environmental health threats. We are campaigning to prevent cancers linked to environmental factors and to improve the safety of the food supply.

Jerry Rosman had one of the most successful hog operations in Harlan, Iowa. But after he fed his pigs a certain genetically engineered corn, their conception rates fell from above 90 percent to as low as 20 percent. We are teaming with Rosman to demand that the U.S. Department of Agriculture test his corn before selling it on the open market.

New Effort to Prevent Cancer

While cancer mortality rates are falling, cancer incidence continues to rise, which means that more and more people are undergoing the agonies of debilitating and costly cancer treatments. Despite the rising cancer incidence, little is being done to prevent it.

We are spearheading a new initiative to prevent cancer that will build on the strengths of various groups who are working to eliminate toxics, promote right-to-know legislation and encourage non-carcinogenic alternatives. Our alliance includes Physicians for Social Responsibility, The Breast Cancer Fund, The National Center for Policy Research for Women & Families and The National Black Environmental Justice Network.

Farmers, Food Companies Move Away from Engineered Crops

One of our goals is to stop the use of genetically engineered ingredients in food.

To date we have prevented any new major genetically engineered crops from entering the market. This has extended the de facto moratorium on new genetically engineered foods to three years.

We are also pressuring Kraft to stop using genetically engineered ingredients in its products. Actor Chevy Chase spoke on our behalf at the Kraft shareholder meeting. We also presented Kraft with assessments by the National Academy of Sciences, which stated that the public should have easier access to scientific research in genetically engineered food, and that more testing should be conducted. Currently, the government requires no independent safety testing, no environmental testing and no labeling for these ingredients. Industry sources now say that Kraft and other large food companies are quietly eliminating the use of biotech ingredients to avoid potential liability for harm in the future.

Engineered Fish Not Going to Market

We succeeded in blocking the approval of gigantic, genetically engineered salmon, which some scientists contend could, if released in the wild, lead to the extinction of native salmon. In coalition with numerous groups we convinced over 200 chefs to sign a pledge – which was later sent to food distributors – saying they would not use genetically engineered salmon in their restaurants. This story was featured in newspapers such as *The New York Times*

Environment

and *The San Francisco Chronicle*. Our advocacy led to a ban on the introduction of genetically engineered salmon in Washington state. In addition, Aquabounty, the developers of the first engineered fish, has indefinitely delayed commercial introduction.

Planting of Biopharm Crops Declines Dramatically Amidst Rising Concern

In April 2003, Kraft Foods' CEO Betsy Holden told farmers, food industry executives and regulators at a forum on the future of agriculture that biopharmaceutical crops and animals pose a threat to the food supply. Holden, the leader of the nation's largest food company, agreed with Friends of the Earth that crops genetically engineered to contain prescription drugs and industrial chemicals could be harmful to our health, noting, for instance, that even a trace amount of an allergen "could be extremely deadly."

Food company officials saw how vulnerable they were to contamination when just a few "biopharm" corn plants rendered 500,000 bushels of soy unfit for human consumption during the fall 2002 harvest. Friends of the Earth warned companies about the threats they and their customers face in a report issued a few months earlier entitled, *Manufacturing Drugs and Chemicals in Crops*.

Permits by the federal government for planting these experimental crops dropped from more than 30 in 2002 to just 12 in 2003. At the same time, some scientists made the move to contained, indoor



cultivation of biopharmaceuticals in organisms such as algae, which poses a much lower risk of contaminating the planet.

"The USDA is in a fantasyland when they're allowing food crops to be engineered with chemicals and drugs, and hoping there's no such thing as human error," said the director of our Community, Health and Environment Program Larry Bohlen in this front-page *Washington Post* article.

International

Holding Investors Accountable



We have filed two groundbreaking lawsuits against U.S. federal agencies calling for a halt on activities that contribute to global warming.



photo credit: Jon Sohn

After Friends of the Earth helped bring indigenous leaders to Washington, D.C., the U.S. Export-Import Bank rejected financing for the \$1.6 billion Camisea pipeline.

Our International Program seeks to end corporate abuses. We do so by advocating for more democratic trade rules, curbing international financial agencies that are subsidizing destructive projects and establishing increased corporate accountability.

Making Inroads on Corporate Accountability

At the World Summit for Sustainable Development in Johannesburg, the world's leaders, absent President Bush, gathered on the 10th anniversary of the Rio Earth Summit to address global environmental challenges. Working with our international network of groups in 70 countries, Friends of the Earth's advocacy resulted in a call for international corporate accountability rules in the final summit declaration, despite the active opposition of the Bush administration.

We also helped to lead a coalition of groups to produce a report on the need for an International Right to Know law to hold U.S. corporations accountable when operating abroad. In response to the report, *The New York Times* endorsed the coalition's work in an editorial. We expect members of Congress to introduce International Right to Know legislation in the

coming year.

And for the first time, private banks, on an industry level, have agreed to abide by environmental and social principles. Ten major investment banks endorsed the "Equator Principles," a set of voluntary procedures and standards.

Stopping Dirty Projects

In a major victory for the environment, the U.S. Export-Import Bank (Ex-Im) voted to reject financing for the controversial \$1.6 billion Camisea Gas Project in the Peruvian Amazon. If construction of this pipeline is completed, it will expose isolated indigenous communities to the outside world against their will and destroy endangered rainforests and a marine wetland.

Friends of the Earth played a major role in this initial victory. Through a Freedom of Information Act request, we obtained an Ex-Im evaluation of the Camisea Gas Project's impact confirming violations of international standards. We also helped bring indigenous leaders to Washington, D.C., to lobby Ex-Im and the International Development Bank (IDB) on the project.

The publicity from the Ex-Im evaluation led to a vote delay and an eventual rejection at Ex-Im. Unfortunately, the IDB approved financing for the project.

Also, our advocacy around the Baku-Tbilisi-Ceyhan (BTC) oil pipeline in the Caspian region forced delays of the project, which allowed additional studies. This pipeline, which is a top energy policy

priority of the Bush administration, would ship Caspian Sea oil through three countries to export oil to the United States. BP, the lead oil company, continues to ignore the Georgian environmental minister's objections and many of the concerns of local businesses, including representatives of the mineral water industry – Georgia's most important export.

Policy Changes for the Environment and Human Rights

We influenced Congress to call for more renewable energy lending at Ex-Im. In response, Ex-Im established a multi-stakeholder renewable energy advisory committee, which called on the agency to devote at least 10 percent of its energy lending to renewable sources.

We also helped prepare environmental groups around the world for regional consultations with the World Bank and urged the groups to challenge the Bank over its destructive impacts on their communities. The Bank's internal studies revealed that its investments in countries with poor governance, such as lax environmental laws, have led to negative consequences. This confirmed our criticism of the Bank's investments in these sectors.

Keeping Government Honest

In a groundbreaking ruling last December, a federal district court ordered the Bush administration to give the public access to U.S. trade negotiating proposals for the U.S.-Chile Free Trade Agreement. The decision sets a legal precedent for a more transparent and democratic trade policy-making process. Recently, we filed Freedom of Information Act requests to reveal the terms of Iraq reconstruction contracts, which benefit corporations like

Halliburton that have extensive ties with the Bush administration.

Taking Bush to Court

We are pressing two pioneering lawsuits to hold the U.S. government accountable for global warming. If left unchecked, global warming will cause rising sea levels, the melting of the polar icecaps and a host of other environmental problems. Extreme weather events alone cost Americans nearly \$20 billion in 2002, a cost that could increase if the United States does nothing to curb global warming.

We are fighting the Environmental Protection Agency's (EPA) recent attempt to avoid legal responsibility for protecting the American public against the health and environmental costs of global warming. We are targeting the EPA's claim that they lack authority to regulate heat-trapping carbon dioxide.

And we are continuing to press our groundbreaking lawsuit to force two government agencies to act responsibly and not fund projects abroad without reviewing the global warming impacts as required by law. So far a host of cities and citizens have joined us in this first-ever climate change lawsuit brought against the U.S. government.



photo credit: Leslie Fields

Through sophisticated behind-the-scenes negotiations and effective protests like this art installation at the World Summit for Sustainable Development, we secured a commitment from governments to address corporate accountability.

Legislative

Stopping Bush's War Against Environmental Laws



The Bush administration is systematically attempting to dismantle many of our nation's fundamental environmental laws that protect our air, water, health and wildlife.

The Bush administration has the worst environmental record of any administration ever. We are rallying members of Congress across party lines to combat Bush's attempts to dismantle key environmental laws.

Energy Bill: Polluting America's Future

For the third year in a row, polluting industries teamed with powerful lawmakers to push the Bush administration's energy plan through Congress. And for the third year in a row, Friends of the Earth was on the front lines fighting for clean energy and public health.

The House took up its version of the Bush energy plan in early 2003, adding even more special interest provisions to an already-bad bill. Not only did the House bill fail to tackle important problems such as global warming and auto fuel economy, it included a host of provisions that would weaken longstanding environmental laws. For example, the bill exempted the oil and gas industry from key requirements of the Clean Water Act and Safe Drinking Water Act.

Friends of the Earth fought the energy bill as it moved through the House and on into the Senate, working with allies in the environmental community and on Capitol Hill to raise awareness of its most

egregious provisions. And we took out full-page ads to influence key senators in Arkansas, Indiana, Maine, New Hampshire and Pennsylvania. We celebrated an early success in preventing the energy bill from coming to a final vote on the Senate floor.

Greening Budget Bills

Since entering office, Bush has proposed severe cuts to an array of federal programs that protect our natural treasures, reduce air and water pollution and clean up toxic waste sites.

For the second year running, Friends of the Earth teamed with allies in a successful attempt to block one of the administration's most damaging proposals to cut more than 200 staff from the Environmental Protection Agency's enforcement division. With his 2003 budget, the president attempted to eliminate these critical personnel, effectively taking the environmental cop off the beat and letting polluters off the hook for violating clean water and clean air laws.

Working with a broad coalition of environmental groups, we helped obtain more than 100 signatures on a bipartisan letter from House members opposing the cuts. At the end of the year, Congress restored the funding.

This spring, Congress was struggling to pass a massive spending bill that was months overdue. Powerful members of Alaska's congressional delegation attempted to attach language that would have exempted their state from strong logging protections. We worked with a large coalition of allies and a bipartisan group of House members to defeat the

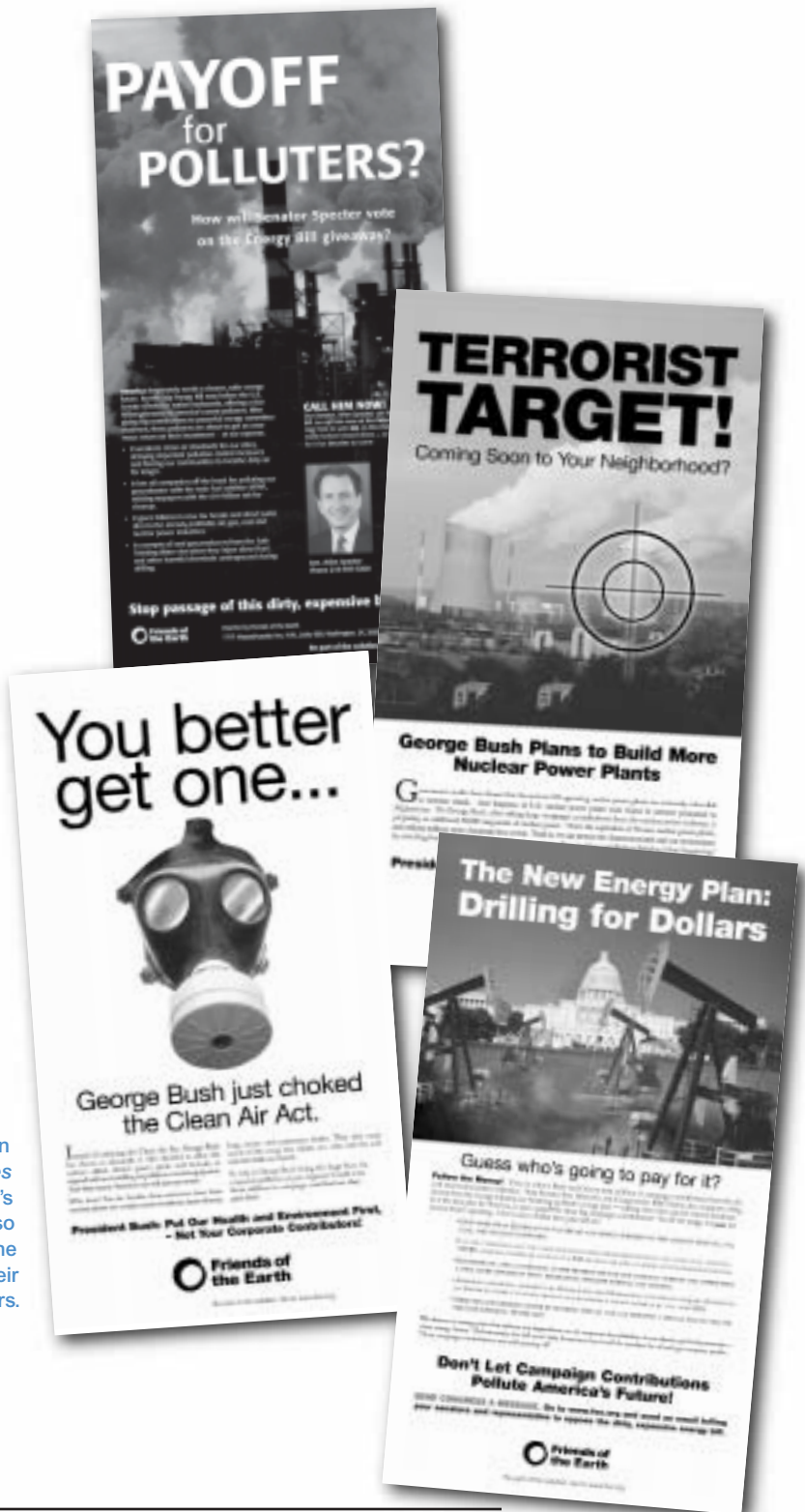
riders. And while the final conference report retained a handful of objectionable provisions, our collaborative effort to defeat attempts by powerful members such as Sen. Ted Stevens (R-Alaska) and Rep. Don Young (R-Alaska) was a true success.

National Ad Campaign Puts the Spotlight on Bush

When the GOP swept to victory in the 2002 congressional elections, the Bush administration intensified its attempts to weaken environmental laws. Friends of the Earth took the administration to task with a hard-hitting print media campaign that exposed their worst proposals.

Our series of full-page advertisements in *USA Today* and *The New York Times* showed more than 2 million readers the breadth of the Bush administration's environmental assault. Our ads criticized the administration's plan to build new nuclear power plants in the face of serious terrorism risks. They warned Americans about the threat that weaker clean air requirements would pose to their health. The ads also highlighted a litany of decisions favored by the administration's top campaign contributors that would open our treasured public lands to mining, logging and drilling.

We ran a series of full-page ads in *USA Today* and *The New York Times* exposing the Bush administration's anti-environmental record. We also influenced key senators on the energy bill with full-page ads in their home state newspapers.



Notable Action

Nov. 2003 By strategically placing full-page ads on the energy bill and raising awareness with our environmental allies on Capitol Hill, we had an early success in preventing the bill from coming to a final vote on the Senate floor.

Nov. 2003 Our work exposing the dangers of crops genetically engineered to contain prescription drugs and chemicals – also known as biopharm crops – led to the federal government decreasing its permits for planting these experimental crops from 30 in 2002 to just 12 in 2003.

Oct. 2003 In our efforts to stop global warming, we joined an innovative lawsuit against the U.S. Environmental Protection Agency for claiming that they lack authority to regulate heat-trapping carbon dioxide. This follows our pioneering global warming lawsuit against the U.S. Export-Import Bank and the Overseas Private Investment Corporation for funding dirty projects abroad that contribute to global warming.

Oct. 2003 Filed a lawsuit in federal court to stop construction of the Chittenden County Circumferential Highway – a proposed four-lane highway in Vermont that would extend 16.7 miles.

Sept. 2003 Worked with a *Vanity Fair* reporter on a story about corporate corruption in the Interior Department, educating millions of readers.

Aug. 2003 Under mounting pressure from Friends of the Earth and a coalition of environmental groups and indigenous rights groups, the U.S. Export-Import Bank voted to reject financing for the controversial \$1.6 billion Camisea Gas Project in the Peruvian Amazon.

July 2003 Our years of work publicizing the negative impacts of reckless corporate behavior came to fruition when a dozen investment banks adopted the Equator Principles. These principles mark the first industry-level commitment to uphold common environmental and social standards in project finance transactions.

July 2003 Launched our *Power Politics* series, which highlights the linkage between members of Congress, campaign contributors and polluting energy proposals.

July 2003 Held a symposium sponsored by Sen. Jon Corzine (D-N.J.) to highlight the need for the Securities and Exchange Commission (SEC) to take action to ensure corporate disclosure of environmental and social information – SEC Commissioner Harvey Goldschmid attended along with several key members of Congress.

June 2003 Filed a lawsuit with Defenders of Wildlife and the Endangered Species Coalition demanding that the Department of the Interior turn over all records on the \$1.1 million in payments Deputy Secretary of the Interior J. Steven Griles is receiving from his former corporate employer, National Environmental Strategies.

May 2003 Released our *Green Scissors* report highlighting 68 environmentally harmful and wasteful federal programs, that if cut, would save more than \$58 billion.

May 2003 Helped stop the \$70 million Oregon Inlet Jetty projects in North Carolina, an Army Corps of Engineers project that would have caused ecological harm to the nearby Pea Island National Wildlife Refuge and Cape Hatteras National Seashore.



photo credit: Mark Gardner Young

Our D.C. *Green Scissors Report* convinced the Washington, D.C. government to cancel the Cadillac Grand Prix race, saving over \$9 million of taxpayer money.

May 2003 The Bill Moyers *NOW* program featured Friends of the Earth's Kristen Sykes' work exposing ethics violations by Deputy Secretary of the Interior J. Steven Griles.

April 2003 Urged Kraft Foods executives at their shareholder meeting to remove genetically engineered ingredients from the food it sells in the United States, and warn of the risks to the food supply of crops grown to produce pharmaceuticals.

April 2003 Helped block the \$1.5 billion, 50-mile Western Transportation Corridor, which would have run through mostly rural land in Virginia.

March 2003 The Small Business Administration settled the lawsuit we filed against them by agreeing to scrutinize the environmental impacts of its loan and loan guaranty programs and to revise its 22-year-old environmental regulations.



photo credit: Robert F. Gates

Friends of the Earth nominated Goldman Prize winner and activist Judy Bonds, who is defending her West Virginia community against the devastating practice of mountaintop removal coal mining.

March 2003 Released the *D.C. Green Scissors* report, which highlights more than \$642 million in budget savings. Within months of the report's release the district government cancelled the Cadillac Grand Prix race resulting in our first *D.C. Green Scissors* victory and over \$9 million in savings for taxpayers.

Feb. 2003 Offered 10 recommendations through our *California Green Watchdog* report that would save the state \$1.1 billion this year and \$5.6 billion over the next five years. This report helped convince the governor to sign a "polluter pays" provision, which will save California taxpayers \$25 million a year.

Feb. 2003 Prompted the Securities and Exchange Commission to review the environmental reporting of all Fortune 500 Companies.

Jan. 2003 Distributed hundreds of thousands of our hard-hitting brochure, "The Bush Administration: A Chronology of Environmental Destruction." Polls now show many more Americans do *not* trust President Bush on environmental and energy issues.

Jan. 2003 We continued to keep new genetically engineered crops off our grocery store shelves. And through coalition tactics ranging from grocery store protests to a pledge signed by 200 top chefs, we drew mounting opposition from consumers, farmers and the food industry to the introduction of any new genetically engineered fish in the United States.



The Bill Moyers *Now* program featured Friends of the Earth Kristen Sykes' work exposing conflicts of interest by Deputy Secretary of the Interior Department J. Steven Griles.

Financial Report

Friends of the Earth Balance Sheets

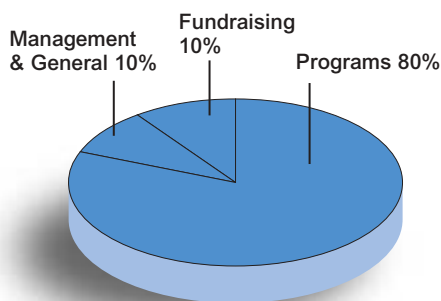
| | June 30, 2003 | | | June 30, 2002 | | |
|--|-----------------------------------|---------------------------|--------------------|-----------------------------------|---------------------------|--------------------|
| | Unrestricted Operating Fund | Temporarily Restricted | Total | Unrestricted Operating Fund | Temporarily Restricted | Total |
| ASSETS | | | | | | |
| Current assets: | | | | | | |
| Cash and cash equivalents | | \$485,839 | \$485,839 | | \$307,407 | \$307,407 |
| Accounts receivable: | | | | | | |
| Grants, contributions and bequests | \$214,434 | | 214,434 | \$177,789 | 49,155 | 226,944 |
| Other | 85,585 | | 85,585 | 42,721 | | 42,721 |
| | 300,019 | - | 300,019 | 220,510 | 49,155 | 269,665 |
| Due from other fund | 82,093 | | * | 28,962 | | * |
| Due from Friends of the Earth (Action), Inc. | 8,193 | | 8,193 | 16,390 | | 16,390 |
| Promises to give, current | | 676,480 | 676,480 | | 986,958 | 986,958 |
| Prepaid expenses and other assets | 127,970 | | 127,970 | 60,559 | | 60,559 |
| Total current assets | 518,275 | 1,162,319 | 1,598,501 | 326,421 | 1,343,520 | 1,640,979 |
| Fixed assets: | | | | | | |
| Furniture and equipment | 544,625 | | 544,625 | 529,295 | | 529,295 |
| Leasehold improvements | 38,596 | | 38,596 | 38,596 | | 38,596 |
| | 583,221 | | 583,221 | 567,891 | | 567,891 |
| Less accumulated depreciation and amortization | 533,133 | | 533,133 | 486,567 | | 486,567 |
| | 50,088 | | 50,088 | 81,324 | | 81,324 |
| Other assets: | | | | | | |
| Promises to give, net of current portion | | 20,000 | 20,000 | | 75,000 | 75,000 |
| Pooled income fund, at market value | | 83,272 | 83,272 | | 84,020 | 84,020 |
| Charitable gift annuity, at market value | 77,003 | | 77,003 | 73,069 | | 73,069 |
| Deposits | 25,617 | | 25,617 | 18,400 | | 18,400 |
| | 102,620 | 103,272 | 205,892 | 91,469 | 159,020 | 250,489 |
| Total assets | \$670,983 | \$1,265,591 | \$1,854,481 | \$499,214 | \$1,502,540 | \$1,972,792 |
| LIABILITIES AND NET ASSETS | | | | | | |
| Current liabilities: | | | | | | |
| Accounts payable and accrued expenses | \$205,152 | | \$205,152 | \$187,788 | | \$187,788 |
| Accrued leave | 78,019 | | 78,019 | 89,013 | | 89,013 |
| Due to other fund | | \$82,093 | * | | \$28,962 | * |
| Deferred lease liability, current portion | 8,054 | | 8,054 | 15,948 | | 15,948 |
| Total current liabilities | 291,225 | 82,093 | 291,225 | 292,749 | 28,962 | 292,749 |
| Other liabilities: | | | | | | |
| Deferred revenue - pooled income fund | | 15,039 | 15,039 | | 28,241 | 28,241 |
| Charitable gift annuity liability | 45,655 | | 45,655 | 56,993 | | 56,993 |
| Deferred lease liability, less current portion | - | | - | 8,748 | | 8,748 |
| | 45,655 | 15,039 | 60,694 | 65,741 | 28,241 | 93,982 |
| Total liabilities | 336,880 | 97,132 | 351,919 | 358,490 | 57,203 | 386,731 |
| Commitments | | | | | | |
| Net assets: | | | | | | |
| Unrestricted | 334,103 | | 334,103 | 140,724 | | 140,724 |
| Temporarily restricted: | | | | | | |
| Operating fund | | 970,038 | 970,038 | | 1,246,916 | 1,246,916 |
| Reserve fund | | 145,000 | 145,000 | | 145,000 | 145,000 |
| Endowment fund | | 53,421 | 53,421 | | 53,421 | 53,421 |
| | 334,103 | 1,168,459 | 1,502,562 | 140,724 | 1,445,337 | 1,586,061 |
| Total liabilities and net assets | \$670,983 | \$1,265,591 | \$1,854,481 | \$499,214 | \$1,502,540 | \$1,972,792 |

* Interfund assets and liabilities have been eliminated

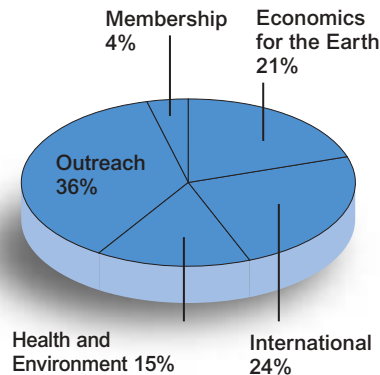
Friends of the Earth Statements of Activities

| | 2003 | | | 2002 | | |
|---|-----------------------------|------------------------|--------------------|-----------------------------|------------------------|--------------------|
| | Unrestricted Operating Fund | Temporarily Restricted | Total | Unrestricted Operating Fund | Temporarily Restricted | Total |
| REVENUE: | | | | | | |
| Grants, bequests and member contributions | \$2,648,643 | \$1,789,034 | \$4,437,677 | \$1,740,083 | \$1,824,410 | \$3,564,493 |
| Investment income | 1,898 | | 1,898 | 2,205 | | 2,205 |
| Rental income | 18,138 | | 18,138 | 23,172 | | 23,172 |
| Royalties | 6,798 | | 6,798 | 17,086 | | 17,086 |
| Retirement benefit | | | - | 141,412 | | 141,412 |
| Other | 96,552 | | 96,552 | 54,940 | | 54,940 |
| Net assets released from restrictions | 2,065,912 | (2,065,912) | - | 2,380,018 | (2,380,018) | - |
| Total revenue | 4,837,941 | (276,878) | 4,561,063 | 4,358,916 | (555,608) | 3,803,308 |
| EXPENSES: | | | | | | |
| Program expenses: | | | | | | |
| Economics for the Earth | 782,062 | | 782,062 | 1,086,895 | | 1,086,895 |
| International | 900,517 | | 900,517 | 815,097 | | 815,097 |
| Health and Environment | 556,989 | | 556,989 | 668,447 | | 668,447 |
| Outreach | 1,376,982 | | 1,376,982 | 771,423 | | 771,423 |
| Membership | 141,916 | | 141,916 | 124,609 | | 124,609 |
| Total program expenses | 3,758,466 | | 3,758,466 | 3,466,471 | | 3,466,471 |
| Supporting expenses: | | | | | | |
| Management and general | 441,334 | | 441,334 | 358,708 | | 358,708 |
| Fundraising | 444,762 | | 444,762 | 440,456 | | 440,456 |
| Total supporting expenses | 886,096 | | 886,096 | 799,164 | | 799,164 |
| Total expenses | 4,644,562 | | 4,644,562 | 4,265,635 | | 4,265,635 |
| Change in net assets | 193,379 | (276,878) | (83,499) | 93,281 | (555,608) | (462,327) |
| Net assets, beginning of year | 140,724 | 1,445,337 | 1,586,061 | 47,443 | 2,000,945 | 2,048,388 |
| Net assets, end of year | \$334,103 | \$1,168,459 | \$1,502,562 | \$140,724 | \$1,445,337 | \$1,586,061 |

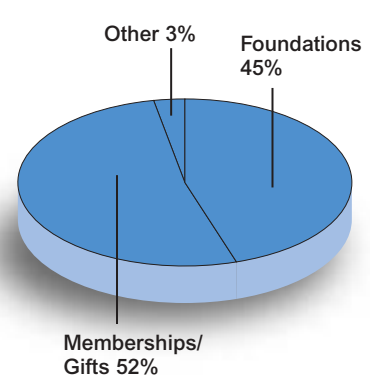
Expenses



Programs



Revenues



Donors

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.



Our Good Sport for a Good Cause Award for the year goes to comedian Chevy Chase. He succumbed to being roasted by fellow celebrities, including Steve Martin and Martin Short, on cable television's Comedy Central. He directed the network's \$50,000 gift to Friends of the Earth.

Fiscal Year 2003 July 1, 2002 - June 30, 2003

\$250,000 and more

Bunny and Dan Gabel
Jann Wenner and *Rolling Stone*, *Men's Journal*,
Us Weekly

\$100,000 - \$249,999

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Research
CS Fund
Education Foundation of
America
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1 Anonymous

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2 Anonymous

\$5,000 - \$9,999

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Dorothee Krahn
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Underdog Fund of the Tides
Foundation
Vermont Forum on Sprawl
3 Anonymous

\$1,000 - \$4,999

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\$1,000 - \$4,999 (cont.)

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Jewish Community Endowment Fund
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Vermont Public Interest Research Group
10 Anonymous

\$500 - \$999

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The Monterey Pasta Company
Mark A. Murray
John H. Noel, III
NorthStar Asset Management
Andrew and Patricia Panelli
Enid Pence
Ronald W. Plank
Reginald Rose Foundation



Friends of the Earth nominated two winners of this year's Goldman Environmental Prize. Sen. Edward Kennedy (D-Mass.) and Richard N. Goldman (right) are pictured here with Friends of the Earth's Sara Zdeb and prizewinner Pedro Arrojo (left) at a reception honoring the winners.

Emma Reynolds
Edwardo Lao Rhodes
Ardath Rodale
Arlene Rodenbeck and Rick Morgan
Donna Scheuring
Mr. and Mrs. W. Ford Schumann
Sherwood and Mildred Schwartz
Raisa A. Scriabine
Bradley W. Segal
Allen W. Shelton
David Sive
Michelle D. Smith
Peter Spiro
Triangle Community Foundation
Crista and Evaggelos Vallianatos
Glenn Vargas
Nicole & Quentin Vidor
Alan M. Weiner
Julie N. Wendrich
Mary Elizabeth White
Clare Winter
5 Anonymous



Actress Heather Thomas continues to help us get the word out about the Interior Department's push for oil and gas development in the West. She is seen here with Friends of the Earth staff Kristen Sykes (left) and Diane Minor (right) at an educational lunch she hosted.

\$250 - \$499

Rabbi Stephanie & Dr. Jack Aaron
 Christopher D. Ahrens
 Jane Alexander
 American Airlines Political Action Committee
 Samuel Ariel
 Dr. Kenneth Armitage
 Carol B. Atwood
 Mr. and Mrs. Richard H. Ault
 Mr. and Mrs. Peter B. Benedict
 Julie M. Bernard
 Nancy and John L. Bethune
 Biodiversity & Sustainability Fund
 Clara R. Bleak
 Blooming Prairie Natural Foods
 C. Bookwalter
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 Michael Calder
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Nicholas and Karen Zill
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12 Anonymous

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Estate of A. Gardner
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Earth Share giving campaigns allow you to designate a donation to Friends of the Earth. To set up an Earth Share campaign at your workplace, contact Rosemary Greenaway at 202-222-0722.

Estate of Shirley Hicklin
H.W. Hopp
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The Home Depot
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Harriett Crosby
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Alice Rothrock: In Memory of une Amie de la Terre

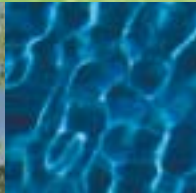
Friends of the Earth lost the strong support of a French war bride and federal government accountant who put her hands and pocketbook to work to protect the planet when Alice Rothrock, 89, passed away May 26, 2003.

Alice's best friend, Micheline Krodel, introduced her to our work. Alice's godson, Francois Krodel, was a student intern in our Washington office who had also visited activists involved with Les Amis de la Terre (Friends of the Earth) in France.

At the encouragement of Micheline and Francois, Alice joined a group of volunteers who came to our offices once a week. She volunteered for many years, sending out action alert mailings and generally helping out.

Again at Micheline's prompting, Alice decided to do more. She established a Charitable Gift Annuity with Friends of the Earth, making an important gift, while guaranteeing that she would receive fixed, quarterly payments that she could never outlive.

We remember Alice Rothrock's service, passion and generosity of spirit with deep gratitude. She was a real friend, concerned not just for herself, but for the future of those to come.



On Our Cover:

Carol Welch, director of the International program, joined activists delivering "World Bank Springs" tap water bottles to the front door of the World Bank, which is putting basic water rights in the hands of corporations.

Chevy Chase succumbed to being roasted by fellow celebrities on Comedy Central. He donated the network's \$50,000 gift to Friends of the Earth.

Indigenous leaders from the Peruvian Amazon and Friends of the Earth asked Inter-American Development Bank officials to stop financing the Camisea Gas project through the Amazon.



**Friends of
the Earth**

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