

2004 Annual Report





Protecting the Planet for 35 Years

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.

Member Groups

Friends o the Earth Argentina, Australia, Austria, Bangladesh, Belgium, 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, Haiti, Honduras, Hungary, Indonesia, Ireland, Italy, Japan, Korea, 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, Spain, Sri Lanka, Sweden, Switzerland, Togo, Tunisia, Ukraine, United States, Uruguay.

Protecting the Planet for 35 Years and Counting

hen the Tongass National Forest was threatened by a Bush administration plan for logging – Friends of the Earth was there with the facts and a bipartisan coalition to stop it. When the government of the District of Columbia and the Environmental Protection Agency refused to clean up the Anacostia River, Friends of the Earth launched a lawsuit under the Clean Water Act. When the Bush administration proposed

an energy plan that was an incentive package for more dirty energy, Friends of the Earth lobbied Congress, produced a full-page newspaper ad, and activated members to help stop the plan. Thank you for the support that has allowed Friends of the Earth to be a leader in the environmental movement.

Over the last 35 years, you have helped us challenge governments and corporations to protect wild places and threatened species, reduce pollution, and safeguard human health from environmental threats. Throughout our 35-year history, Friends of the Earth's work has been distinguished by our talented policy staff, legal expertise, and our unrelenting efforts to defend the environment and champion a healthy and just world.

David Brower founded Friends of the Earth in 1969, setting up our first office in an old firehouse in San Francisco. Brower was inspired by the urgent need for a group that would take an uncompromising stand to protect the planet. Since then Friends of the Earth has pioneered plans for a clean energy economy, saved over 150 river valleys and canyons from bad dam and water projects worldwide, waged a successful campaign to ban international whaling, helped stop the construction of nuclear power plants, achieved passage of landmark laws on strip mining and oil tankers, reformed the World Bank, and publicized the billions in taxpayer subsidies going to corporate polluters.

Despite the extremely hostile political climate this past year, working with allies we had a number of significant accomplishments:

- By marshalling bipartisan support in Congress, we fought back a proposal to log the Tongass National Forest.
- We helped convince the Senate to block the nomination of the anti-environmental and energy industry favorite William Myers to the 9th Circuit Court of Appeals.
- We achieved a state ban on biopharmaceutical rice when staff experts exposed the environmental and health threats of bioengineered pharmaceuticals in rice crops in Southern California.
- Friends of the Earth revealed the failure of a number of Fortune 500 corporations to disclose the climate change impacts of their operations as required by law.

Reflecting back on our long history of achievements and our recent victories, we are invigorated to meet the challenges ahead. To that end, Friends of the Earth is determined to eliminate the environmental causes of cancer. In the coming year, we will push the personal care products industry to produce cosmetics free of cancer causing ingredients. We intend to continue monitoring new appointments to federal agencies charged with protecting public lands and the environment. Friends of the Earth will be leading the fight to further reform the World Bank and International Monetary Fund. We will be monitoring spending on environmentally harmful government subsidies and tax breaks at the federal and state level.

Thank you again for your support. With your generosity, Friends of the Earth will continue to take the lead in challenging governments and corporations to protect our planet.



"Friends of the Earth is one of our nation's most effective environmental groups."

Former Senator Bill Bradley



Avis Ogilvy Moore Board Chair



But Blacket

Brent Blackwelder President



Norman Dean Executive Director

Protecting our environment and our health is a fundamental duty of government. Through our Economics for the Earth program, Friends of the Earth is fighting to increase funding for renewable energy development, public transportation, and land preservation.

The Green Scissors Campaign

The Green Scissors Campaign is Friends of the Earth's long-running effort to end environmentally destructive tax breaks and subsidies. Founded in 1994, the campaign is a coalition of environmental, taxpayer and consumer groups led by Friends of the Earth. Since its inception, the campaign has achieved cuts of more than \$26 billion in destructive tax breaks and subsidies from the federal budget, and more than \$2.5 billion from state budgets.

In 2003, Friends of the Earth and the Green Scissors Campaign worked with members of Congress to launch the Green Scissors Congressional Caucus. Members of this bipartisan caucus are committed to offering amendments that advance recommendations from our Green Scissors 2004 report. To date, the Green Scissors Campaign has succeeded in preventing more timber roads in the Tongass National Forest in Alaska, and reduced the business tax break for sport utility vehicles. We have also blocked additional funding for a project that would harm the Delaware River, and helped prevent additional tax credits for a particularly destructive method of extracting natural gas.

State Level Green **Scissors Reports**

Friends of the Earth has been working with state groups from around the country to draft state-level Green Scissors reports. Working with California groups, we released the Green Watchdog Report 2003, which offered 10 recommendations that would protect the environment, improve public health, and cut wasteful government spending. The proposals shift the cost of environmental programs from taxpayers to those responsible for causing the damage. In total, six out of ten recommendations were either partially or fully implemented, making it more expensive to pollute and saving California taxpayers \$496 million in the current year and nearly \$2.5 billion over the next five years.

Working with Maryland groups, Friends of the Earth released Greening the Budget: 11 Ideas for Protecting the Environment and Easing Maryland's Fiscal Crisis. If adopted, these proposals would help protect Maryland's air and water while saving more than \$144 million annually.

Future state Green Scissors reports are planned for North Carolina and Virginia.

Protecting Salmon

Friends of the Earth is winning key battles to protect the salmon and steelhead populations in the Northwest from extinction. Friends of the Earth and our partner groups were successful in convincing a federal judge to issue an injunction to protect these fish. The Army Corps of Engineers and the Bonneville Power Administration planned to curtail the spill-over from dams at the expense of the Chinook salmon's critical habitat and vulnerable juvenile fish.

Protecting the Planet for 35 Years



In the 1970s.





Helped pass the Alaska Lands Act, which now preserves more than 100 million acres of land. Won major lawsuits to prevent air pollution and habitat destruction.

September 15, 1969

Put forth a visionary clean energy plan for the United States, spelling out the potential efficiency of solar and wind power and other sources of renewable energy.

Changing the Transportation Policy Debate

Road-building destroys wildlife habitat, and contributes to air and water pollution. Friends of the Earth is determined to shift transportation dollars from highway construction into expanding public transportation. This year, Friends of the Earth and other activists put the pressure on Congress to increase funding for rail and transit, and decrease the funding for new highway projects. Congress has not made a decision to date.

We also achieved a significant victory when a federal judge ordered work stopped on the Circumferential Highway in Vermont. The highway would run through 50 acres of Vermont's most endangered ecosystems. Also, the growth triggered by this road could accelerate wetland loss and damage approximately 25 streams, which flow into Lake Champlain.

DC Environmental Network

The DC Environmental Network (DCEN) is committed to cleaning up the District of Columbia's rivers, stopping deadly chemicals from being transported through its neighborhoods, bringing clean, renewable energy to its homes and making D.C. a model for the nation. The network is spearheaded by Friends of the Earth and includes more than 400 District area citizen and activist groups working to improve the environment in D.C. DCEN has had significant achievements over the past year. Among other things, the network:

- Organized a coalition with over 100 partners to support clean energy legislation in the District. Our coalition helped convince members of the D.C. Council to introduce the bill, which will phase-in a mix of clean energy alternatives, such as wind and solar, over the next 20 years.
- Highlighted the threat of transporting chlorine gas and other chemicals through the city and sparked the introduction of legislation to re-route dangerous cargo.
- Educated hundreds of District residents at numerous luncheons, forums and briefings on how the environment impacts their health and safety.

HEEDS, NOT

BASEBALL

STADIUMS





NEEDS, NOT

BASEBALL

3



The DC Environmental Network led a coalition to fight the mayor's baseball plan that would drain city coffers and leave vital city services underfunded. DC Council member Adrian Fenty speaks to the coalition at a rally.

Convinced Congress to reject funding for a fleet of Super Sonic Transport planes (SSTs) – airplanes that use two to three times more fuel per passenger than the average airplane – saving the United States \$10 million worth of extra fuel each day.

Launched our campaign to protect rivers, which led to stopping over 150 dams and destructive water projects of the Army Corps of Engineers & the Bureau of Reclamation.



Convinced Congress to stop the Clinch River Breeder Reactor program, a \$2 billion nuclear reactor that would have increased our radioactive waste burden & contributed to the production of nuclear weapons.



nvironme

When you shop for groceries or cosmetics, you shouldn't have to worry about which products contain carcinogens, chemicals linked to birth defects, or genetically engineered ingredients. Friends of the Earth is working to make sure the food you eat and the products you use everyday are safer, cleaner and greener.

Removing Chemicals Linked to Cancer from Personal Care Products

Forty companies have signed our pledge to make toxin-free cosmetics and personal care products available in all of the markets they serve - and we have only just gotten started. Our government does not require safety tests for cosmetics, like they do for prescription drugs and food. And, our government does little to regulate chemicals at all. The European Union (EU) has a new law that requires cosmetics companies to remove chemicals linked to cancer and birth defects from personal care products by September 2004. When they reformulate their products in the EU, these companies could make these safer products available to customers around the world as well.

As part of our Cancer Prevention program, which aims to prevent the environmental causes of the disease, Friends of the Earth and our partners have launched the Campaign for Safe Cosmetics. The Campaign for Safe Cosmetics is calling on all cosmetics and personal care products companies to follow the EU's example and protect our health by phasing out the use of chemicals linked to cancer, birth defects and other health concerns in every market they serve.

Safer Foods & Safer Farms: Preventing Mad Cow

Friends of the Earth sounded the alarm in warning letters to the U.S. Food & Drug Administration (FDA) on two occasions prior to the discovery of the first case of mad cow disease in the United States. Our research indicated that government regulations and enforcement were inadequate to prevent the disease. Unfortunately, when the first case of mad cow disease was discovered in December 2003, our concerns proved well-founded. Friends of the Earth was quick to react with a demand that federal agencies implement better regulations to prevent the spread of this disease. Our media outreach and analysis helped shift the debate from stop-gap measures to substantive reforms. The FDA reacted by agreeing to tighten and enforce the cattle cannibalism ban – the most likely way the disease is spread – and marginally increasing testing for the disease. But these reforms are not enough.

Friends of the Earth founded the Mad Cow Prevention Alliance in January 2004. The alliance has pressured the Bush administration on numerous fronts, calling for implementation of a much more aggressive testing and identification regime to prevent infected meat from getting to our supermarkets. Moreover, Friends of the Earth has championed the right of companies to test their cattle for mad cow disease, something the FDA has prohibited.

Protecting the Planet for 35 Years



In the 1980s..



Led a major effort to oust Interior Secretary James Watt whose tenure was plagued by ethics concerns and efforts to dismantle key environmental laws. Gathered and presented a 1.1 million signature petition to Congress. Watt resigned in 1983.

Launched a worldwide coalition campaign to reform the World Bank's use of public funds to finance environmental destruction. Won new laws that called for the World Bank and International Monetary Fund to reform their lending practices.

Succeeded in getting the Grand Canyon off the government's list of potential dam sites, scrapping 50-year old plans for damming this majestic World Heritage site.





Keeping Drugs and Chemicals out of the **Food Supply**

Rice, wheat and other crops can now be genetically engineered to grow birth control medication or insulin. Unfortunately, there is no way of preventing these "biopharmaceuticals" or biopharm crops from cross-pollinating or drifting into adjoining fields or even further. No one wants to end up with a prescription drug in their cornflakes. But, with little government oversight or regulation, there is a real risk that the food supply will become contaminated. Friends of the Earth is working vigorously to stop open-air plantings of these potentially dangerous crops.

Friends of the Earth helped stop two proposed field trials of pharmaceutical corn in Texas (on up to 725 acres) by submitting a science-based critique of U.S. Department of Agriculture's environmental assessment.

Friends of the Earth also provided critical support to a coalition effort that halted a proposed 120-acre biopharmaceutical rice field trial in California (which would have been the largest open air biopharm crop planting to date). We then took the lead in writing an in-depth report on the hazards of pharmaceutical rice. The California Department of Health Services promised to seek funding to address our concerns after our report was featured in the Sacramento Bee and the Contra Costa Times.

Friends of the Earth joined one million activists at the "March for Women's Lives" in Washington, D.C. to promote the Campaign for Safe Cosmetics.



Actor Ted Danson and a former staffer present

At a media event highlighting the Bush administration's failure to safeguard the food supply from mad cow disease, we asked President Bush, "Are you chicken about testing beef?"

Environmental Policy Center & Institute and the

signaling a new era in the organization's history.

Oceanic Society merged with Friends of the Earth,



Launched the Ozone Layer Protection Campaign, which culminated in the 1987 Montreal Protocol, a global treaty that succeeded in the phase out of most ozone depleting chemicals.



nternation

Working with our partner groups in 70 countries, Friends of the Earth fights to protect the environment and people's rights. We challenge corporations, public and private financial institutions, and trade negotiators to act in ways that will protect our planet's resources for the future, rather than destroying them.

Stopping Harmful Oil and Mining Projects

Last year, in response to advocacy by Friends of the Earth and our international partners, a major independent review of World Bank financing for oil, gas and mining projects led to worldwide scrutiny by citizens, policymakers, and the media of the harmful environmental impacts caused by these projects in developing countries and their failure to contribute to poverty reduction.

As a result of the review, the Bank has for the first time made a formal commitment to increase its financing for renewable energy projects in developing countries. Although the World Bank has not yet adopted many of the review's recommendations, Friends of the Earth will use the review's findings to press for more meaningful reforms at the Bank and at other taxpayer-supported international institutions.

Greening Private Banks

Since 1997, Friends of the Earth has been pressing large private banks to adopt stronger environmental and social protections when lending for projects in developing countries, including oil, mining and gas projects. Our leadership on these issues has led to greater scrutiny of the role that private banks play in financing environmental destruction and unsustainable development around the world. As a result, since 2003, more than 25 private banks, including Citigroup and Bank of America, have signed onto a set of principles that commit them to follow key World Bank environmental and social protection policies. In the coming years, Friends of the Earth will continue to spearhead the effort to monitor implementation of their commitments.

Accounting for Environmental Impacts

Only when corporate leaders face the true financial costs of their environmental impacts will they be forced to make more environmentally-friendly decisions. Friends of the Earth continued its pioneering work to ensure that companies fully disclose environmental issues in their financial statements. Friends of the Earth's leadership also encouraged leading institutional investors like the California Public Employee Retirement System pension fund to join the call for full environmental disclosure in corporate financial statements.

Pressing for Fair Global Trade Rules

Using the North American Free Trade Agreement (NAFTA), multinational corporations have challenged environmental standards, such as water quality, before secretive international tribunals. When the World Trade Organization met in

Protecting the Planet for 35 Years



In the 1990s...



Published a comprehensive analysis revealing that the federal government spends only 2 cents on the dollar to protect the environment. Launched the Green Scissors campaign to cut government spending that pollutes the environment. Obtained passage of the Oil Pollution Act, following the disastrous 1989 Exxon Valdez spill. Despite fierce opposition, it passed in 1990, requiring double hulls on new tankers.

Published *Crude Awakening*, a 350-page report that exposed the oil waste and leakage equivalent to hundreds of Exxon Valdez spills annually in the U.S.







September 2003, Friends of the Earth and our international network mounted significant opposition to a similar set of global rules that would have given even more rights to multinational corporations to challenge environmental laws. A number of developing countries refused to open negotiations on these new rules, resulting in a collapse of the meeting itself. Then, during November negotiations for another trade agreement for Western Hemisphere countries, Latin American governments also resisted many of the same types of provisions.

Pressing for Corporate Accountability

The Organization for Economic Cooperation and Development's "Guidelines for Multinational Enterprises" are a set of international standards for multinational corporations' activities. The Guidelines contain a number of important recommendations to enable companies to protect human rights, workers and the environment. While Friends of the Earth is convinced that the most effective way to prevent irresponsible corporate behavior is to enact legally binding rules at the national and international levels, the Guidelines' complaint procedure offers a unique forum to address harmful corporate behavior. In 2003, Friends of the Earth's produced a "Guide to the Guidelines" to help communities and other organizations better understand how to use the complaint procedure.

Friends of the Earth is challenging business, governments, and international institutions to make decisions that protect critical natural habitats and preserve our right to clean water, clean air and safe food.

Stopped the World Bank from funding Nepal's Arun Dam and a Shell Oil project to construct a new gas plant and pipeline in Nigeria.



Pressured the International Monetary Fund to commission its first-ever external review of its environmentally harmful structural adjustment loan conditions for the poorest countries. Won a lawsuit against the State of California that forced the state to adopt new regulations to safeguard the public against the toxic pesticide, methyl bromide.

Played a major role in dramatizing the devastating environmental effects of trade agreements that undermine environmental protections. Our efforts culminated in the massive demonstrations in Seattle in 1999 against the World Trade Organization.

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Our approach and our principles are straightforward: public lands belong to the American people, and it shouldn't pay to pollute our environment. This year, Friends of the Earth's vocal presence on Capitol Hill has helped safeguard public lands from corporate exploitation, cut subsidies for polluters, and preserved federal funding for programs that protect our environment and natural resources. Friends of the Earth's cutting-edge analysis of the impacts that federal tax and spending policy have on the environment have helped us win important fights in Congress.

Promoting a Clean Energy Future

As part of our Green Scissors Campaign, Friends of the Earth and our allies stopped Congress from passing the Bush administration's energy plan, preventing it from coming to a final vote on the Senate floor on two separate occasions. The bill would have rolled back the clock on environmental protection, weakening clean air and water laws and speeding oil and gas drilling on sensitive public lands. Friends of the Earth's lobbying and analysis of the bill's more than \$50 billion in handouts to America's worst polluting industries was a key factor in the environmental community's success in stopping the bill. We also ran two full-page newspaper ads in USA Today and the New York Times to highlight problems with the energy bill.

Safeguarding a National Treasure

Through our Green Scissors campaignwhich teams environmentalists with taxpayer watchdogs-Friends of the Earth helped pass an amendment offered by Reps. Steve Chabot (R-OH) and Rob Andrews (D-NJ) to the annual Interior Department spending bill preventing the Forest Service from building new logging roads in the Tongass. The Tongass National Forest in Alaska is the crown jewel of our national forest system. Our largest national forest and the biggest intact temperate rainforest in the world, the Tongass is home to grizzlies, salmon and bald eagles. The Bush administration has attempted to remove the Tongass from protection under the landmark Roadless Area Conservation Rule, promoting costly new roads for commercial logging even though the Forest Service already loses \$35 million logging the Tongass each year.

Preserving Funding for Environmental Programs

Just as important as strong environmental laws are the dollars that fund their implementation: without adequate resources, agencies like the Environmental Protection Agency (EPA) are unable to effectively protect our environment. It's no secret that the Bush administration's series of tax cuts have impacted important domestic programs like the EPA. This year members of Congress would have made matters worse by rigging the rules of the federal budget process, requiring deep cuts to environmental programs. If enacted, this proposal would have locked in punitive and disproportionate budget cuts to the

Protecting the Planet for 35 Years



2000 through 2003

Preserved citizens' rights to enforce the Clean Water Act with a Supreme Court victory in *Friends of the Earth v. Laidlaw.* Exposed the existence of illegal genetically engineered ingredients in Kraft Taco Bell taco shells and in hundreds of other products, which forced the recall of 1.2 million bushels of contaminated corn and sent shockwaves throughout the food industry.

Published a groundbreaking report on the risks of open-air field-testing of "biopharmaceutical" crops (genetically engineered to produce drugs and chemicals) prompting Monsanto to drop this risky technology.



programs that clean our water and air, protect communities from toxic waste sites, and safeguard parks, wildlife refuges and other national treasures. Friends of the Earth teamed with environmental, labor, education and healthcare groups to defeat the proposal when it came to a vote on the House floor.

Last year, we helped block the Bush administration's attempt to cut approximately 200 staff from the EPA's enforcement division for the second year in a row. Due to the environmental community's effectiveness over the past two years, the Bush administration didn't propose the same deep cuts to enforcement in their budget this spring. We are undoubtedly facing a hostile administration and congressional leadership, forcing us to play creative defense against lawmakers who will stop at nothing to weaken 30 years of environmental progress. With bipartisan allies in Congress, strong analysis, a hard-hitting philosophy and creative tactics, we've managed to win important environmental battles despite this difficult political climate. We will employ the same successful strategies, and continue to enlist a bipartisan group of congressional champions as we move into the next year.



This ad ran in USA Today as part of our campaign that successfully blocked the Bush administration's energy bill.



Convinced Congress to cut funding for an arm of the World Bank that underwrites environmentally harmful projects worldwide.

Organized more than 900 demonstrations across the U.S. and Canada to pressure Kraft Foods to remove genetically engineered ingredients from its products.



Launched two landmark legal cases to address climate change: One demanding that the U.S. Export-Import Bank stop financing projects that contribute to global warming and a second suit demanding that the U.S. Environmental Protection Agency regulate carbon dioxide emissions.

October 2004

Safe Cosmetics Campaign Achieves Results

The Campaign for Safe Cosmetics, which launched earlier this year, has already achieved commitments from more than forty companies to remove chemicals that are linked to cancer, mutation or birth defects in cosmetics and personal care products in every market they serve.

September 2004

Protecting Human Health

In a full page USA Today ad, Friends of the Earth and coalition partners in the Campaign for Safe Cosmetics demanded that Revlon, L'Oreal and Unilever come clean about whether they plan to remove toxic chemicals that are banned in the European Union from personal care products sold on American shelves.

August 2004

Challenging Corporate Misconduct

Friend of the Earth and the UK-based group Rights and Accountability in Development filed a formal complaint under the Organization for Economic Cooperation and Development's "Guidelines for Multinational Enterprises" with the U.S. State Department against three American companies accused of helping to fuel the war in the Democratic Republic of the Congo. A United Nations Panel of Experts leveled these charges in 2002 but the State Department has yet to undertake an independent inquiry into the panel's allegations.

July 2004

Government Accountability

Friends of the Earth exposed the poor environmental record and ethical missteps of William Myers, President Bush's nominee to a lifetime seat on the Ninth Circuit Court of Appeals. We helped convince the Senate to block the Myers nomination. Myers is a former cattle industry lobbyist whose recent tenure as the Interior Department's top lawyer was plagued by ethical concerns.

Protecting Endangered Species

U.S. District Judge James Redden issued a preliminary injunction in Oregon prohibiting the Army Corps of Engineers from curtailing the late summer spill over from dams on the Columbia and Snake Rivers. Curtailing the spill from the dams would have jeopardized the critical habitat of Chinook salmon and especially impacted juvenile fish.

Challenging Wall Street

Friends of the Earth worked with Senator Jon Corzine (D-N.J.) and other members of Congress to organize a symposium on corporate disclosure of environmental information in financial statements and Security and Exchange Commission (SEC) filings. The event increased pressure on the SEC to address this topic. Friends of the Earth has been campaigning for the past four years to achieve adequate disclosure of environmental matters, especially on the financial impact of climate change on companies.

June 2004

Polluters Should Pay

Friends of the Earth released the fourth annual *Green Watchdog* report, which proposes 10 budget reforms for California. The *Green Watchdog* proposals would save hundreds of millions of dollars a year in California's general fund revenue and generate additional funding for air and water quality programs, and eliminate environmentally harmful tax giveaways.

Clean Water Victory in Texas

A federal district court judge in Texas ruled in our favor in a case filed against Chevron in 1994. The judge found that Chevron had committed 65 violations of its water permit. Friends of the Earth filed suit against the Chevron Chemical Company for violating its water pollution permit at its Orange, Texas polyethylene plant and polluting Lake Sabine.

May 2004

Stopping Sprawl

A Vermont judge ruled in Friends of the Earth's favor when he ordered work stopped on a controversial highway slat-



ed to encircle Burlington, Vermont. The judge ruled that the government violated the National Environmental Policy Act and other laws in approving and funding segments of the highway. This project would have fueled sprawl and pollution at a cost to Vermonters of \$223 million – while shaving only seven seconds off the average commute time.

April 2004

Defeating Anti-Environmental Energy Policy

Friends of the Earth and allies kept up the pressure and Senate leaders once again failed to generate the votes needed to pass comprehensive energy legislation, falling even shorter of the mark than the previous year's losing vote.

March 2004

Exposing Corruption

The Interior Department's Office of the Inspector General concluded in its investigation of Deputy Secretary of Interior J. Steven Griles that there were some ethical concerns with Griles' involvement in public lands decisions that involved deals with his former clients. This investigation was launched at the request of Sen. Joseph Lieberman (D-Conn.). Lieberman made the request after revelations from Friends of the Earth that Griles continued to meet with former energy company clients and his former employer – an industry lobbying firm.

February 2004

Championing Environmental Funding

Friends of the Earth criticized the president's 2005 budget for making deep cuts to environmental programs, and particularly for targeting the Environmental Protection Agency (EPA) with the budget's most crippling cuts.

January 2004

Rail Cargo Safety in our Nation's Capital

Friends of the Earth convinced the District of Columbia's city council to introduce legislation that will require shippers of hazardous materials by rail and truck to obtain a permit and to follow specific rules for routes and travel times. The District of Columbia, which is a highthreat city, regularly sees 90-ton chlorine tank cars rolling through the city within a stone's throw of the Capitol building.

Clean Water Fight in the District of Columbia

Friends of the Earth filed suit charging that pollution caps approved and issued by the Environmental Protection Agency are insufficient to clean up the Anacostia River. The river is currently so severely polluted that the government warns District of Columbia residents of health risks from swimming or fishing in its waters.

December 2003

Taking on the World Bank's Support for Destructive Oil and Gas Projects

Friends of the Earth took the lead in pressing the World Bank to commission an independent review of the Bank's financing for harmful oil and gas projects in developing countries around the world. Friends of the Earth played a key role during the two-year review, which culminated in a report with powerful recommendations to protect local communities and critical natural habitats and to increase funding for renewable energy projects.

Improving the Safety of the Food Supply

In response to the discovery of mad cow disease in the food supply, Friends of the Earth immediately pulled together a group of consumer and animal advocacy groups to develop recommendations for preventing the spread of the disease. We developed a ten-step checklist that would vastly improve the safety of the food supply and submitted it to the Food and Drug Administration.

Friends of the Earth ran this full-page ad in *USA Today*. The ad was part of a larger effort by the environmental community which generated the most public comments opposing an EPA rulemaking ever recorded.





Friends of the Earth ran this ad in *USA Today* with the Campaign for Safe Cosmetics, demanding that Revlon, L'Oreal, and Unilever remove toxic chemicals from personal care products.



Friends of the Earth

Balance Sheets

	June 30, 2004			June 30, 2003		
	Unrestricted Operating Fund	Temporarily Restricted	Total	Unrestricted Operating Fund	Temporarily Restricted	Total
ASSETS						
Current assets: Cash and cash equivalents	\$197,895	\$431,100	\$628,995		\$485,839	\$485,839
Accounts receivable:		ψ 4 51,100		© 044404	ψ+00,009	. ,
Grants, contributions and bequests Other	176,764 30,061		176,764 30,061	\$214,434 85,585		214,434 85,585
	206,825		206,825	300,019		300,019
Due from other fund Due from Friends of the Earth (Action), Inc.	13,889		- 13,889	82,093 8,193		8,193
Promises to give, current portion Prepaid expenses and other assets	69,561	310,905	310,905 69,561	127,970	676,480	676,480 127,970
Total current assets	488,170	742,005	1,230,175	518,275	1,162,319	1,598,501
Fixed assets: Furniture and equipment Leasehold improvements	560,893		560,893 -	544,625 38,596		544,625 38,596
Less accumulated depreciation and amortization	560,893 522,287		560,893 522,287	583,221 533,133		583,221 533,133
	38,606		38,606	50,088		50,088
Other assets: Promises to give, net of current portion Pooled income fund, at market value Charitable gift annuity, at market value Deposits	85,016 25,701	10,000 39,562	10,000 39,562 85,016 25,701	77,003 25,617	20,000 83,272	20,000 83,272 77,003 25,617
	110,717	49,562	160,279	102,620	103,272	205,892
Total assets	\$637,493	\$791,567	\$1,429,060	\$670,983	\$1,265,591	\$1,854,481
LIABILITIES AND NET ASSETS Current liabilities: Accounts payable and accrued expenses Accrued leave	\$121,020 68,819		\$121,020 68,819	\$205,152 78,019		\$205,152 78,019
Due to other fund Deferred lease liability, current portion	00,010		-	8,054	\$82,093	8,054
Total current liabilities	189,839		189,839	291,225	82,093	291,225
Other liabilities:						
Deferred revenue - pooled income fund Charitable gift annuity liability	57,252	6,297	6,297 57,252	45,655	15,039	15,039 45,655
	57,252	6,297	63,549	45,655	15,039	60,694
Total liabilities	247,091	6,297	253,388	336,880	97,132	351,919
Commitments Net assets: Unrestricted Temporarily restricted: Operating fund Reserve fund Endowment fund	390,402	586,849 145,000 53,421	390,402 586,849 145,000 53,421	334,103	970,038 145,000 53,421	334,103 970,038 145,000 53,421
	390,402	785,270	1,175,672	334,103	1,168,459	1,502,562
Total liabilities and net assets	\$637,493	\$791,567	\$1,429,060	\$670,983	\$1,265,591	\$1,854,481

* Interfund assets and liabilities have been eliminated

Friends of the Earth

Statements of Activities

	For the Year Ended June 30,								
	2004			2003					
	Unrestricted Operating Fund	Temporarily Restricted	Total	Unrestricted Operating Fund	Temporarily Restricted	Total			
REVENUE:									
Grants, bequests and member contributions Investment income Rental income Royalties Other Net assets released from restrictions	\$2,088,598 23,469 20,864 11,901 98,515 1,947,339	\$1,564,150	\$3,652,748 23,469 20,864 11,901 98,515	\$2,648,643 1,898 18,138 6,798 96,552 2,065,912	\$1,789,034	\$4,437,677 1,898 18,138 6,798 96,552			
Total revenue	4,190,686	(383,189)	3,807,497	4,837,941	(276,878)	4,561,063			
Total levenue	4,190,000	(363,169)	3,807,497	4,037,941	(270,070)	4,501,005			
EXPENSES: Program expenses: Economics for the Earth	901,301		901,301	782,062		782,062			
International Community Health & Environment Outreach Membership	744,363 438,168 867,198 215,570		744,363 438,168 867,198 215,570	900,517 556,989 1,376,982 141,916		900,517 556,989 1,376,982 141,916			
Total program expenses	3,166,600		3,166,600	3,758,466		3,758,466			
Supporting expenses:									
Management and general Fundraising	446,885 520,902		446,885 520,902	441,334 444,762		441,334 444,762			
Total supporting expenses	967,787		967,787	886,096		886,096			
Total expenses	4,134,387		4,134,387	4,644,562		4,644,562			
Change in net assets Net assets, beginning of year	56,299 334,103	(383,189) 1,168,459	(326,890) 1,502,562	193,379 140,724	(276,878) 1,445,337	(83,499) 1,586,061			
Net assets, end of year	\$390,402	\$785,270	\$1,175,672	\$334,103	\$1,168,459	\$1,502,562			

For the Year Ended June 30, 2004



Friends of the Earth thanks all of our supporters for giving us the resources to protect the planet for the last 35 years.

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Board member Jayni Chase and her husband, Chevy Chase, joined Brent Blackwelder and Laura Turner Seydel in a festive event to brief members on environmentally harmful tax subsidies. From left to right: Chevy Chase, Brent Blackwelder, Laura Turner Seydel, Jayni Chase, and Rutherford Seydel.

"I became involved in environmental matters in 1970 as a result of a publication called 'Not Man Apart' and a group called Friends of The Earth. They led the way in 1970 and continue that leadership to this day."

Words from actor, environmentalist and former Friends of the Earth board member, Ed Begley, Jr.

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"We greatly appreciate all of the work that Friends of the Earth is doing to protect God's creation. By utilizing creative strategies to clean up pollution, they are helping to make the Earth a healthier place to live."

Dr. Bob Edgar, General Secretary, National Council of Churches USA



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