

# Financial commentary

**E**nvironmental Defense Fund completed fiscal 2011 on a sound financial footing, while mindful of the challenging economy and the global financial uncertainties ahead.

We raised \$98.1 million in new funds during fiscal 2011, including pledges and grants to be paid in that year and future years, as shown on the total support and revenue line in the financial statement on the facing page. This compares to \$64.8 million raised during fiscal 2010.

An above-average level of foundation support during fiscal 2011 provided \$48.9 million, or 50% of total support and revenue, while contributions and membership accounted for \$42.1 million, or 43%.

On the expense side of the ledger, we spent \$93.1 million in fiscal 2011. This compares to \$100.4 million in fiscal 2010, when expenses were

higher because of Environmental Defense Action Fund advertising and related lobbying costs during that year's major climate campaign in Congress.

Program services expenditures accounted for \$74.7 million, or 80% of total operating expenses in fiscal 2011, while 9% was for development, 7% for management and administration, 3% for membership and 1% for the acquisition of new members.

Summing up revenue and expenses, our total net assets at the end of fiscal 2011 were \$142.1 million, an increase of \$1.8 million over the prior year.

These results are reported using Generally Accepted Accounting Principles (GAAP), which call for us to record income based on the year funds are raised, not when the gifts are designated to be used. As a result, our year-over-year revenues and net assets can and do fluctuate, sometimes significantly.

The financial statement's Unrestricted column parallels our operating budget, which fluctuates far less than our GAAP revenues. To build the budget, we look at funds available from multiyear gifts made in prior years, forecast new fundraising and determine needed spending. As the year unfolds, we monitor fundraising closely and adjust our spending patterns to maintain a balanced budget.

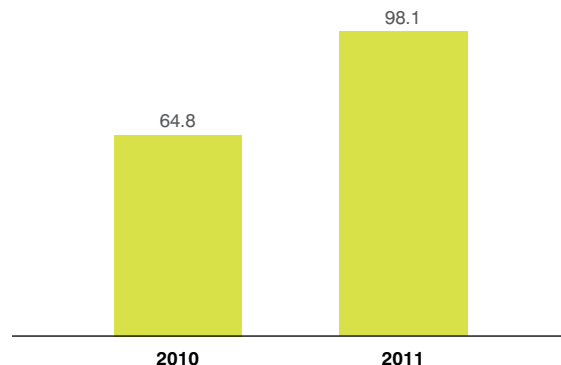
We are thankful for the support of our members, trustees, major donors, foundations and others this past year. Your continued generosity provides the resources needed to respond to urgent challenges for the environment, while helping us achieve the ambitious goals of our five-year strategic plan.

**Peter Accinno**

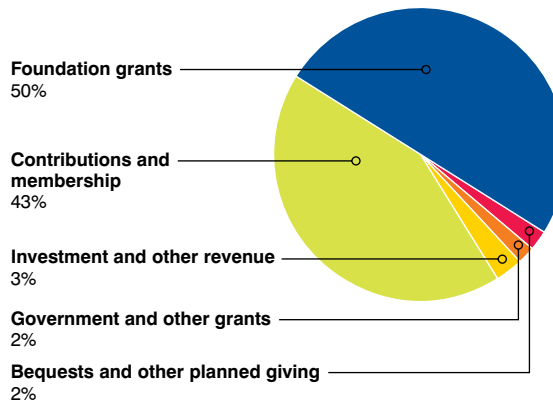
CFO, Treasurer, VP Finance and Administration

## TOTAL SUPPORT AND REVENUE

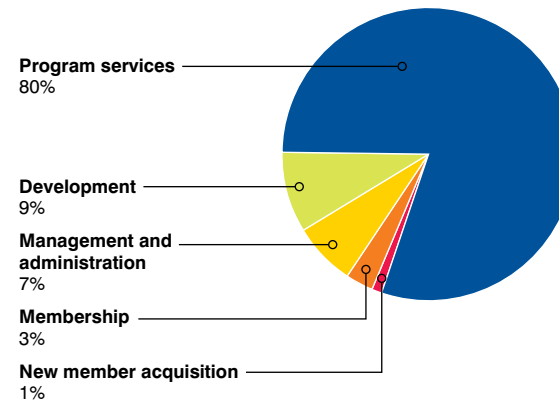
In millions of dollars



## SOURCES OF SUPPORT AND REVENUE



## EXPENSES



# Statement of activities

YEAR ENDED SEPTEMBER 30	UNRESTRICTED	RESTRICTED	TOTAL 2011	TOTAL 2010
<b>OPERATING SUPPORT AND REVENUE</b>				
Support:				
Contributions	\$ 4,539,203	\$ 25,592,557	\$ 30,131,760	\$ 27,436,413
Membership	11,610,021	387,783	11,997,804	11,297,351
Foundation grants	–	48,877,392	48,877,392	18,262,376
Bequests and other planned giving	1,518,172	449,269	1,967,441	2,363,748
Government and other grants	67,287	2,290,105	2,357,392	2,756,786
<b>Total support</b>	<b>17,734,683</b>	<b>77,597,106</b>	<b>95,331,789</b>	<b>62,116,674</b>
Revenue:				
Investment income allocated for operations	1,884,859	31,687	1,916,546	1,765,273
Fees, royalties and other income	834,471	–	834,471	872,742
<b>Total revenue</b>	<b>2,719,330</b>	<b>31,687</b>	<b>2,751,017</b>	<b>2,638,015</b>
Net assets released from restrictions	72,966,607	(72,966,607)	–	–
<b>Total support and revenue</b>	<b>93,420,620</b>	<b>4,662,186</b>	<b>98,082,806</b>	<b>64,754,689</b>
<b>EXPENSES</b>				
Program services:				
Climate & Energy	32,085,664	–	32,085,664	44,650,876
Oceans	21,359,200	–	21,359,200	16,848,491
Ecosystems	12,496,084	–	12,496,084	12,888,679
Health	4,769,113	–	4,769,113	4,888,388
Education	3,502,874	–	3,502,874	3,744,196
Membership activities	466,809	–	466,809	482,834
<b>Total program services</b>	<b>74,679,744</b>	<b>–</b>	<b>74,679,744</b>	<b>83,503,464</b>
Supporting services:				
Management and administration	7,031,124	–	7,031,124	5,775,030
New member acquisition	615,191	–	615,191	898,424
Fundraising:				
Membership	2,644,636	–	2,644,636	2,642,950
Development	8,149,267	–	8,149,267	7,531,957
<b>Total supporting services</b>	<b>18,440,218</b>	<b>–</b>	<b>18,440,218</b>	<b>16,848,361</b>
<b>Total operating expenses</b>	<b>93,119,962</b>	<b>–</b>	<b>93,119,962</b>	<b>100,351,825</b>
Change in net assets from operations	300,658	4,662,186	4,962,844	(35,597,136)
Change in net assets from non-operating activities:				
Other expenses, net of contributions and other income	(64,163)	246,965	182,802	(544,154)
Investment results, net of allocation to operations	(2,167,098)	(1,218,312)	(3,385,410)	4,114,246
<b>Change in net assets</b>	<b>(1,930,603)</b>	<b>3,690,839</b>	<b>1,760,236</b>	<b>(32,027,044)</b>
Net assets, beginning of year	41,164,021	99,204,801	140,368,822	172,395,866
<b>Net assets, end of year</b>	<b>\$ 39,233,418</b>	<b>\$102,895,640</b>	<b>\$142,129,058</b>	<b>\$140,368,822</b>

This statement of activities represents the consolidated activities of Environmental Defense Fund, Incorporated, Environmental Defense Action Fund and California Fisheries Fund, Inc. Copies of the complete audited financial statements are available upon request or at [edf.org/audit](http://edf.org/audit).