

FINANCIAL COMMENTARY

Environmental Defense Fund completed fiscal 2012 on a sound financial footing, with a record level of program expenditures from continued strong growth in support.

We raised \$116.5 million in new funds, including pledges and grants paid during the year and to be paid in future years. This compares to \$98.1 million raised in fiscal 2011.

Contributions and membership provided \$77.5 million, or 66% of our total support and revenue for the year. Foundation grants accounted for \$30.1 million, or 26%.

We spent a total of \$105.4 million in fiscal 2012. Program services accounted for 82%, or \$86.2 million, a new record. Development

represented 8% of expenditures, while management and administration was 7%. Membership and new member acquisition totaled 3%.

Considering both revenues and expenses, our total net assets at the end of the year were \$156.6 million, an increase of \$14.5 million over the prior year.

We report our results using Generally Accepted Accounting Principles (GAAP), which require us to record income based on the year funds are raised, not in the year designated for use, among other requirements.

The Unrestricted column in the accompanying financial statement on the facing page parallels our operating budget. To build the

budget, we look first at funds available from multiyear gifts, then at a forecast of new fundraising and prospective spending. As the year unfolds, we monitor fundraising closely and adjust our spending patterns to maintain a balanced budget.

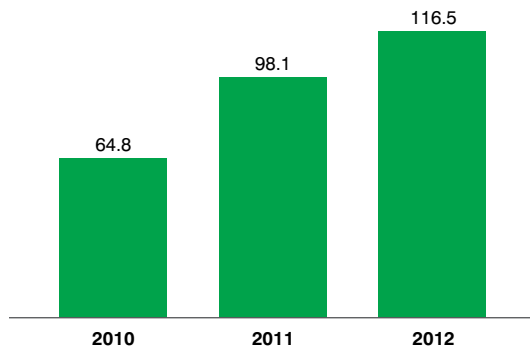
We are thankful for the support of all our members and donors this past year. Your continued generosity provides the resources needed to achieve our ambitious program goals and respond to urgent challenges for the environment.

Peter Accinno

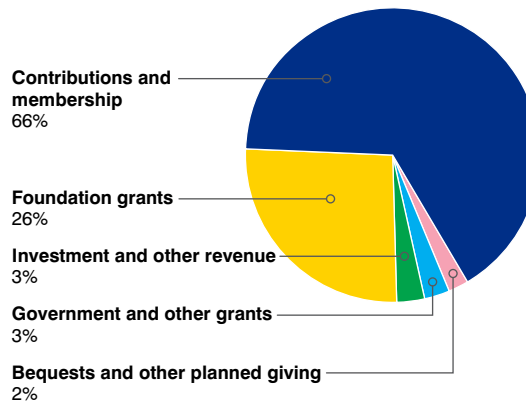
CFO, Treasurer, VP Finance and Administration

TOTAL SUPPORT AND REVENUE

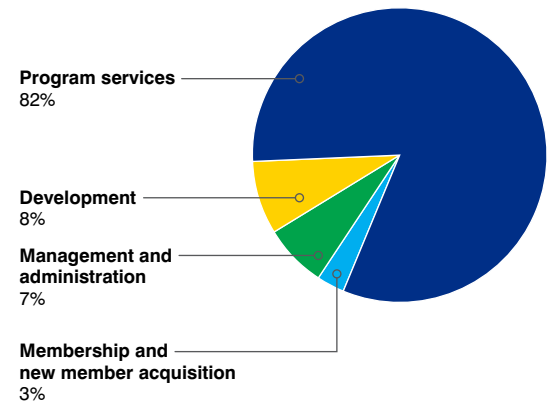
In millions of dollars



SOURCES OF SUPPORT AND REVENUE



EXPENSES



STATEMENT OF ACTIVITIES

YEAR ENDED SEPTEMBER 30	UNRESTRICTED	RESTRICTED	TOTAL 2012	TOTAL 2011
OPERATING SUPPORT AND REVENUE				
Support:				
Contributions and membership	\$ 13,378,023	\$ 64,072,262	\$ 77,450,285	\$ 42,129,564
Foundation grants	150,000	29,956,813	30,106,813	48,877,392
Bequests and other planned giving	1,692,776	256,336	1,949,112	1,967,441
Government and other grants	525,166	2,868,211	3,393,377	2,357,392
Total support	15,745,965	97,153,622	112,899,587	95,331,789
Revenue:				
Investment income allocated for operations	2,197,771	28,847	2,226,618	1,916,546
Fees, royalties and other income	1,348,596	3,045	1,351,641	834,471
Total revenue	3,546,367	31,892	3,578,259	2,751,017
Net assets released from restrictions	86,633,617	(86,633,617)	–	–
Total support and revenue	105,925,949	10,551,897	116,477,846	98,082,806
EXPENSES				
Program services:				
Climate & Energy	37,215,577	–	37,215,577	32,085,664
Oceans	23,048,730	–	23,048,730	21,359,200
Ecosystems	16,276,788	–	16,276,788	12,496,084
Health	5,161,331	–	5,161,331	4,769,113
Education	3,825,033	–	3,825,033	3,502,874
Membership activities	681,601	–	681,601	466,809
Total program services	86,209,060	–	86,209,060	74,679,744
Supporting services:				
Management and administration	7,244,031	–	7,244,031	7,031,124
New member acquisition	616,036	–	616,036	615,191
Fundraising:				
Membership	2,396,403	–	2,396,403	2,644,636
Development	8,935,928	–	8,935,928	8,149,267
Total supporting services	19,192,398	–	19,192,398	18,440,218
Total operating expenses	105,401,458	–	105,401,458	93,119,962
Change in net assets from operations	524,491	10,551,897	11,076,388	4,962,844
Other expenses, net of contributions and other income	(552,388)	30,560	(521,828)	182,802
Investment results, net of allocation to operations	3,114,243	786,646	3,900,889	(3,385,410)
Change in net assets	3,086,346	11,369,103	14,455,449	1,760,236
Net assets, beginning of year	39,233,418	102,895,640	142,129,058	140,368,822
Net assets, end of year	\$ 42,319,764	\$ 114,264,743	\$ 156,584,507	\$ 142,129,058

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.