

FINANCIAL COMMENTARY

Environmental Defense Fund completed fiscal 2013 on a sound financial footing, with a record level of program expenditures from continued strong growth in support. Total program and supporting services expenses were \$120.5 million, a 14% increase over the previous year.

Unrestricted support and revenue of \$120.8 million was used to pay for current operations during fiscal 2013. Contributions and membership, including a portion of net assets released from restrictions, provided 54% of this amount, while foundation grants, also including a portion of net assets released from restrictions, provided 38%.

Net restricted operating support and revenue of \$32.8 million in fiscal 2013 reflects contributions from multiyear gifts and pledges for use in future years. These gifts play an increasingly important role in enabling us to plan our work, most of which involves multiyear efforts.

We spent a total of \$120.5 million in fiscal 2013. Program services accounted for 84%, or \$101.2 million, a new record. Development represented 7% of expenditures, while management and administration was 6%. Membership and new member acquisition totaled 3%.

Thanks mainly to gifts designated for future years, total net assets grew \$35.5 million to \$192.1 million during fiscal 2013.

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 financial statement on the following pages 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 and adjust spending 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.

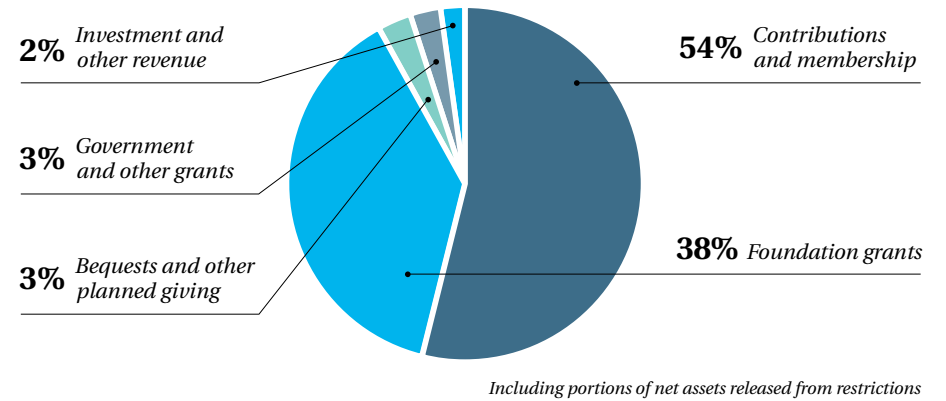
Peter Accinno, CFO, Treasurer, VP Finance and Administration

TOTAL PROGRAM AND SUPPORTING SERVICES EXPENSES

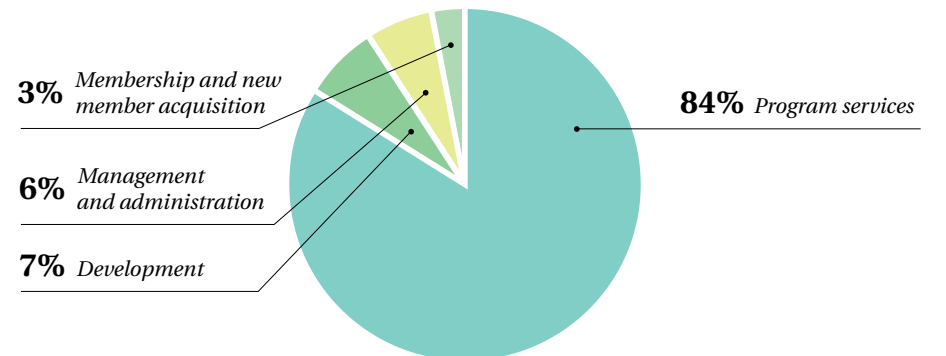
2011	2012	2013
93.1	105.4	120.5

In millions of dollars

SOURCES OF SUPPORT FOR FISCAL 2013 OPERATIONS



EXPENSES



STATEMENT OF ACTIVITIES

YEAR ENDED SEPTEMBER 30	UNRESTRICTED	RESTRICTED	TOTAL 2013	TOTAL 2012
OPERATING SUPPORT AND REVENUE				
Support:				
> Contributions and membership	\$13,600,433	\$39,650,932	\$53,251,365	\$77,450,285
> Foundation grants	241,150	89,876,952	90,118,102	30,106,813
> Government and other grants	1,293,446	2,641,093	3,934,539	3,393,377
> Bequests and other planned giving	3,051,424	174,968	3,226,392	1,949,112
Total support	18,186,453	132,343,945	150,530,398	112,899,587
Revenue:				
> Investment income allocated for operations	2,035,900	247,494	2,283,394	2,226,618
> Fees, royalties and other income	736,037	-	736,037	1,351,641
Total revenue	2,771,937	247,494	3,019,431	3,578,259
Net assets released from restrictions	99,820,590	(99,820,590)	-	-
Total support and revenue	120,778,980	32,770,849	153,549,829	116,477,846
EXPENSES				
Program services:				
> Climate & Energy	47,094,107	-	47,094,107	37,215,577
> Oceans	21,070,263	-	21,070,263	23,048,730
> Ecosystems	18,981,854	-	18,981,854	16,276,788
> Health	7,266,384	-	7,266,384	5,161,331
> Education	4,880,117	-	4,880,117	3,825,033
> Membership activities	1,935,892	-	1,935,892	681,601
Total program services	101,228,617	-	101,228,617	86,209,060
Supporting services:				
> Management and administration	7,419,937	-	7,419,937	7,244,031
> New member acquisition	375,856	-	375,856	616,036
Fundraising:				
> Membership	2,670,468	-	2,670,468	2,396,403
> Development	8,802,754	-	8,802,754	8,935,928
Total supporting services	19,269,015	-	19,269,015	19,192,398
Total operating expenses	120,497,632	-	120,497,632	105,401,458
Change in net assets from operations	281,348	32,770,849	33,052,197	11,076,388
Other expenses, net of contributions and other income	70,892	21,609	92,501	(521,828)
Investment results, net of allocation to operations	1,798,348	604,245	2,402,593	3,900,889
Change in net assets	2,150,588	33,396,703	35,547,291	14,455,449
Net assets, beginning of year	42,319,764	114,264,743	156,584,507	142,129,058
Net assets, end of year	\$44,470,352	\$147,661,446	\$192,131,798	\$156,584,507

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.