

EARTH ISLAND INSTITUTE INC.

**FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITOR'S REPORTS**

FOR THE YEAR ENDED DECEMBER 31, 2013

EARTH ISLAND INSTITUTE INC.

December 31, 2013

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Independent Auditor's Report

To the Board of Directors
Earth Island Institute Inc.
San Francisco, California

Report on the Financial Statements

We have audited the accompanying financial statements of Earth Island Institute Inc. (a California limited nonprofit organization), which comprises the statement of financial position as of December 31, 2013, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Earth Island Institute Inc. as of December 31, 2013, and the changes in net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Le, Ho & Company, LLP

Daly City, California
July 22, 2014

EARTH ISLAND INSTITUTE INC.
STATEMENT OF FINANCIAL POSITION
December 31, 2013

Assets

Current Assets	
Cash and cash equivalents	\$ 2,494,533
Wetland Restoration Trust Fund (contra)	978,788
Investments in marketable securities	4,603,205
Accounts and contributions receivable	182,720
Grants receivable	1,278,215
Bequests receivable	55,000
Merchandise inventory	24,214
Prepaid expenses and others	<u>59,482</u>
Total Current Assets	9,676,157
Property and equipment, net of accumulated depreciation	1,309,900
Security deposits for offices	<u>31,203</u>
 Total Assets	 <u><u>\$ 11,017,260</u></u>

Liabilities and Net Assets

Current Liabilities	
Accounts payable and other accrued expenses	\$ 400,098
Accrued vacation	200,873
Accrued grants payable	52,562
Agency obligation (contra)	978,788
Loans payable	41,619
Deposits and advances	<u>73,097</u>
Total Current Liabilities	<u>1,747,037</u>
Net Assets	
Unrestricted net assets	3,887,201
Temporarily restricted net assets	<u>5,383,022</u>
Total Net Assets	<u>9,270,223</u>
 Total Liabilities and Net Assets	 <u><u>\$ 11,017,260</u></u>

See accompanying notes to financial statements.

EARTH ISLAND INSTITUTE INC.
STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2013

	Unrestricted	Temporarily Restricted	Total
Support and Revenues			
Contributions	\$ 410,567	\$ 1,942,395	\$ 2,352,962
Foundation and other grants	83,600	7,008,822	7,092,422
Membership dues	433,155	-	433,155
Service and consulting revenue	1,012,328	-	1,012,328
Merchandise sales, net of cost of sales and gifts of \$53,522	106,654	-	106,654
Royalty income	29,218	-	29,218
Advertising income	3,670	-	3,670
Journal sales	17,342	-	17,342
Investment return	485,825	-	485,825
Administrative fee	54,026	-	54,026
Special events, net of costs of direct benefits to donors \$73,628	186,643	-	186,643
In-kind contributions	-	15,347	15,347
Bequests	58,225	-	58,225
Miscellaneous	121,299	-	121,299
Net assets released from restrictions			
Fulfillment of purpose restrictions	9,393,077	(9,393,077)	-
Total support and revenues	12,395,629	(426,513)	11,969,116
 Expenses			
Program services	9,837,912	-	9,837,912
Administrative and general	1,330,370	-	1,330,370
Fundraising	991,086	-	991,086
Total expenses	12,159,368	-	12,159,368
 Change in Net Assets	236,261	(426,513)	(190,252)
 Net Assets, beginning of year	3,650,940	5,809,535	9,460,475
 Net Assets, end of year	\$ 3,887,201	\$ 5,383,022	\$ 9,270,223

See accompanying notes to financial statements.

EARTH ISLAND INSTITUTE INC.
STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended December 31, 2013

	Program Services	Administrative and General	Fundraising	Total
Expenses				
Salaries	\$ 3,776,421	\$ 711,378	\$ 439,287	\$ 4,927,086
Payroll taxes and fringes	795,782	149,905	92,568	1,038,255
Independent contractors	869,765	4,087	2,531	876,383
Printing, audio/visual, and publications	147,335	17,918	11,065	176,318
Postage and shipping	60,221	8,569	5,292	74,082
Travel and meetings	648,142	122,092	75,394	845,628
Conferences and training	497,264	33,082	20,429	550,775
Direct mail costs	-	-	66,942	66,942
Special appeals	18,836	-	18,836	37,672
Grants and allocations	841,826	-	-	841,826
Promotion and public education	77,576	-	27,701	105,277
Professional fees	138,338	61,463	1,187	200,988
Occupancy	354,699	66,816	41,260	462,775
Insurance	53,181	10,018	6,186	69,385
Supplies	135,395	25,505	15,750	176,650
Telephone	75,585	14,238	8,792	98,615
Depreciation and amortization	50,717	9,554	5,900	66,171
Equipment rental and maintenance	285,156	53,716	33,170	372,042
Outside services	752,914	-	-	752,914
Bank fees	-	-	56,114	56,114
Miscellaneous	258,759	42,029	62,682	363,470
Total Expenses	\$ 9,837,912	\$ 1,330,370	\$ 991,086	\$ 12,159,368

See accompanying notes to financial statements.

EARTH ISLAND INSTITUTE INC.
STATEMENT OF CASH FLOWS
For the Year Ended December 31, 2013

Cash Flows from Operating Activities	
Change in net assets	\$ (190,252)
Adjustments to reconcile change in net assets to net cash used in operating activities:	
Depreciation and amortization	66,171
Net unrealized gain on investment in marketable securities	(396,172)
Net realized loss on sales of marketable securities	41,523
Loans forgiven	(9,000)
(Increase) decrease in:	
Accounts and contributions receivable	(111,084)
Grants receivable	(708,926)
Bequests receivable	906,250
Merchandise inventory	(8,608)
Prepaid expenses and others	27,924
Security deposits for offices	550
Increase (decrease) in:	
Accounts payable and other accrued expenses	230,025
Accrued vacation	25,104
Accrued grants payable	(172,672)
Deposits and advances	<u>3,374</u>
Net Cash Used in Operating Activities	<u>(295,793)</u>
Cash Flows from Investing Activities	
Investment in marketable securities	(4,011,066)
Purchase of furniture and equipment	(5,068)
Proceeds from sales and redemption of marketable securities	<u>1,331,747</u>
Net Cash Used in Investing Activities	<u>(2,684,387)</u>
Cash Flows from Financing Activities	
Loan proceeds	<u>1,619</u>
Net Cash Provided by Financing Activities	<u>1,619</u>
Net Decrease in Cash and Cash Equivalents	(2,978,561)
Cash and Cash Equivalents, beginning of year	<u>5,473,094</u>
Cash and Cash Equivalents, end of year	<u><u>\$ 2,494,533</u></u>

See accompanying notes to financial statements.

EARTH ISLAND INSTITUTE INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2013

(1) ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization – Earth Island Institute Inc. (Earth Island) was incorporated in California in September 1982 as a nonprofit organization for the purposes of promoting, through education, the social welfare of the general public in global conservation, environmental, and ecological principles.

Earth Island promotes the conservation, preservation, and restoration of the Earth through various program services worldwide under the administration of Earth Island Network Services (see Note 11). Many of those activities are carried out through fiscally sponsored projects managed under Earth Island's Project Support core program. Other core programs of Network Services providing services to the public and other constituencies are Publishing/Public Education, Restoration Initiatives, and New Leaders Initiative. Most of Earth Island's revenues come from contributions from the general public and foundation grants.

Basis of Accounting – The accompanying financial statements are presented using the accrual method of accounting.

Financial Statement Presentation – Information regarding the financial position and activities are classified into the applicable classes of net assets: unrestricted, temporarily restricted, and permanently restricted. Earth Island does not have any permanently restricted net assets.

Use of Estimates – The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents – For purposes of the statements of cash flows, Earth Island considers all demand deposits with financial institutions, money market accounts, and short-term investments with an initial maturity of three months or less to be cash equivalents.

Investments – Investments in equity securities with readily determinable fair values and all investments in debt securities are reported in the statement of financial position at fair value with realized and unrealized gains and losses included in the statement of activities. Gains and losses are reflected as increases or decreases in the unrestricted class of net assets unless the donor or relevant laws place temporary or permanent restrictions on the gains and losses.

Accounts Receivable – No allowance for uncollectible accounts has been provided since the accounts receivable are all deemed to be collectible.

Merchandise Inventory – Merchandise inventory consists primarily of T-shirts, books, bicycle parts and other various items sold to the general public for educational and fundraising purposes. The inventory is stated at the lower of cost or market with cost determined by the first-in, first-out method.

Property and Equipment – Property and equipment are stated at cost of acquisition or construction. Contributed property and equipment are recorded at their estimated fair market values at the date of donation. Earth Island reports donated property and equipment as unrestricted

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support unless explicit donor stipulations specify how the donated assets must be used. Restoration works on property that Earth Island's project has no ownership title are reported as expenses. The cost of maintenance and repairs is expensed as incurred while significant renewals and betterments are capitalized. Depreciation is computed using the straight-line method over the estimated useful lives of the respective assets. Leasehold improvements are amortized over the term of the lease including extensions.

Earth Island uses \$5,000 as its capitalization threshold for property and equipment.

Contributions – Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence and/or nature of any donor restrictions.

Unconditional promises to give that are expected to be collected within one year are recorded at their net realizable value. Material unconditional promises to give and multi-year grants that are expected to be collected in future years are recorded at fair value, which is measured as the present value of their future cash flows. The discounts on those amounts are computed using risk-adjusted interest rates applicable to the years in which the promises are received at the time the unconditional promise to give is initially recognized. Amortization of the discounts is included in foundation grants revenue. Conditional promises to give are not included as support until the conditions are substantially met.

The programs of Earth Island usually solicit contributions for its own use. All contributions received by the programs are reported as temporarily restricted net assets. Furthermore, for restricted contributions which restrictions are fulfilled in the same period in which the contribution is received, they are reported first as temporarily restricted contributions and then released to unrestricted upon satisfaction of the restrictions. For programs that have revenue other than contributions, Earth Island adopted a policy to expend the non-contribution revenue before expending the contributions.

Donated Services – Earth Island receives various volunteer services throughout the year. Only those donated services that met the criteria for recognition under generally accepted accounting principles are recognized in the statement of activities. There is no donated service recorded in the current year.

Membership Dues – Membership dues are recognized as revenue based on the period covered by the membership dues. Earth Island's membership is on a calendar year basis.

Grants Made – Earth Island periodically provides grants to unrelated nonprofit organizations for the support of various environmental, educational, and informational activities. Unconditional grants made by Earth Island to unrelated nonprofit organizations are recorded as expense upon commitment.

Functional Allocation of Expenses – The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Subsequent Events – Management evaluates events occurring subsequent to the date of the financial statements in determining the accounting for and disclosure of transactions and events that affects the financial statements. Such events have been evaluated through July 22, 2014,

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which is the date the financial statements were available to be issued.

Income Taxes – Earth Island is exempt from Federal income and California franchise taxes under provisions of Section 501(c)(3) of the Internal Revenue Code and Section 23701d of the California Revenue and Taxation Code, respectively. However, tax-exempt organizations are subject to Federal income and California franchise taxes for unrelated business taxable income and provision for income taxes is provided for the unrelated business taxable income, if any.

Earth Island is required to file annual informational returns and business income tax returns with the Internal Revenue Services and the California Franchise Tax Board. Management has considered its tax positions taken and believes that all the positions taken in the federal and state tax returns are more likely than not to be sustained upon examination. The tax returns are subject to examination by the taxing authorities generally for three years and four years for federal and state, respectively, starting with the date of filing or the due date of the tax return, whichever is later.

Earth Island has elected to utilize Section 501(h) of the Internal Revenue Code, which allows limited lobbying activities by Section 501(c)(3) nonprofit organizations.

(2) INVESTMENTS IN MARKETABLE SECURITIES

Accounting Standards Codification (ASC) 820 established a fair value hierarchy to prioritize the inputs used in valuation techniques. There are three levels to the fair value hierarchy of inputs to fair value (with Level 1 being the highest priority and Level 3 the lowest priority):

- Level 1: Observable inputs that reflect quoted prices (unadjusted) for identical assets or liabilities in active market;
- Level 2: Inputs other than quoted prices included in Level 1 that are observable for the assets or liabilities either directly or indirectly; and
- Level 3: Unobservable inputs which reflect the reporting entity’s own assumptions about the assumptions that market participants would use in pricing the assets or liabilities, based on the best information available.

The marketable securities of Earth Island are valued based on quoted market price and consisted of the following as of December 31, 2013:

	<u>Total</u>	<u>Level I</u>	<u>Level II</u>	<u>Level III</u>
Municipal bonds	\$ 258,180	\$ 258,180	\$ -	\$ -
Certificates of deposit	383,228	383,228	-	-
Corporate bonds	280,604	280,604	-	-
Preferred stocks	162,180	162,180	-	-
Equities	2,051,145	2,051,145	-	-
Mutual funds	<u>1,467,868</u>	<u>1,467,868</u>	-	-
Total	<u>\$ 4,603,205</u>	<u>\$ 4,603,205</u>	<u>\$ -</u>	<u>\$ -</u>

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The investment return for year 2013 consisted of the following:

Interest and dividend from banks and brokerage firm	\$	131,176
Net unrealized gain on investment in marketable securities		396,172
Net realized loss on sales of marketable securities		<u>(41,523)</u>
Total		<u>\$ 485,825</u>

(3) BEQUESTS RECEIVABLE

Earth Island has bequests receivable with a total estimated value at December 31, 2013 from:

Dan Morrill Estate	\$	25,000
Ronald P. Banas Estate		<u>30,000</u>
Total		<u>\$ 55,000</u>

(4) PROPERTY AND EQUIPMENT

Property and equipment at December 31, 2013 consisted of the following:

	<u>Basis</u>	<u>Accumulated Depreciation</u>	<u>Estimated Useful Life</u>
Furniture and equipment	\$ 136,292	\$ 90,643	Various
House (EcoVillage)	51,951	16,651	30 yrs.
Automobiles (EcoVillage)	20,975	20,975	5 yrs.
Leasehold Improvements at DBC	230,775	72,991	15 yrs.
Building Improvements (EcoVillage)	11,687	1,948	30 yrs.
Land Improvements (EcoVillage)	533,589	100,789	30 yrs.
Land (EcoVillage)	<u>628,628</u>	<u>-</u>	n/a
Total	<u>\$ 1,613,897</u>	<u>\$ 303,997</u>	

(5) LEASES

Earth Island's main office is located at the David Brower Center in Berkeley, CA. This lease is for five years commencing on April 20, 2009 with two five-year renewal options. The monthly rent for 2013 was \$21,315 per month. In November 2013, Earth Island renewed the lease for five years through May 2019.

Earth Island has been subleasing some of its office spaces at David Brower Center to other unrelated parties. These subleases are currently on month-to-month basis.

David Brower Center building is owned by Oxford Street Development, LLC. David Brower Center holds a master lease for the building. Oxford Street Development, LLC has two members and one of which is David Brower Center, a California non-profit organization that qualifies within the meaning of Section 509(a)(3) of the Internal Revenue Code as a supporting

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organization for public charities described in section 509(a)(1) or (2) of the Internal Revenue Code. David Brower Center has designated two supported organizations – one of them is Earth Island Institute. David Brower Center engages in efforts to protect the natural world, educates the public about the natural world, and promotes sustainable human communities.

In addition, the projects of Earth Islands also have separate offices that are under noncancelable term leases, one-time lease, and/or month-to month leases. Earth Island also pays some of the project directors for the usage of their home offices. Some may also sublease its spaces. The following is a summary of term leases by program that end after 2013:

<u>Program</u>	<u>Lease Ending Date</u>	<u>Monthly Rent at December 2013</u>
Changing Gears Community		
Bike Shop	September 30, 2014	\$ 1,177
Energy Action Coalition	August 31, 2017	2,255
Energy Action Coalition	August 31, 2017	3,895
Borneo Project	June 30, 2014	450
Kids for the Bay	June 14, 2017	2,080
Bay Area Wilderness Training	August 31, 2014	2,850
Bay Localize	June 30, 2014	1,254
Renew Missouri	September 30, 2014	600

The monthly rent of some of these leases increases annually. In addition, two of Earth Island programs have free use of space with value totaling \$15,347 for the year. Earth Island and some of its projects subleased part of their space to unrelated parties, and the sublease revenue is reported as an offset against the rent expenses. The rent and occupancy costs incurred in 2013 for all the leases, net of sublease income, totaled \$462,775.

The minimum future lease payments for the non-cancelable long-term leases are as follows:

<u>Year Ending December 31,</u>	<u>Rent Payments</u>	<u>Sublet Revenue</u>	<u>Net Payments</u>
2014	\$ 417,498	\$ 61,800	\$ 355,698
2015	377,758	-	377,758
2016	379,665	-	379,665
2017	339,905	-	339,905
2018	276,526	-	276,526
Thereafter	92,175	-	92,175

(6) WETLAND RESTORATION TRUST FUND

Wetland Restoration Trust Fund was established at Merrill Lynch brokerage firm by Earth Island per a Stipulation and Consent Decree as amended on March 22, 2001 by the United States District Court Southern District of California. This fund is to be used on restoration projects designated by the Southern California Wetlands Recovery Project Work Plan (the Recovery Project) and for administrative expenses. The Recovery Project is an inter-agency task force composed of the state

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and federal resources agencies and for which the California Coastal Conservancy acts as staff. According to the Consent Decree, Earth Island must designate at least 33% of the Fund exclusively for use on any of these projects listed on the Recovery Project 2001-2002 Work Plan and approved by the Governing Board of the Recovery Project on or about May 18, 2001. Earth Island should designate which projects were to be recipients of these funds before the expiration of the 2001-2002 Work Plan on or about June 1, 2002. The remaining funds must be designated to projects listed on any of the Recovery Projects work plan through June 1, 2004. Any funds remaining undesignated after June 1, 2004 should be allocated at the sole discretion of the Recovery Project. Any funds remaining unspent by the Recovery Project by June 1, 2005 might be redirected by Earth Island to another restoration project on the then approved work plan. If any funds remaining unallocated after December 31, 2006, those funds should be released to the California Coastal Conservancy for wetlands restoration projects in Southern California. The parties have agreed to continue the administrative arrangement with Earth Island under the same terms after December 31, 2006 until all funds are allocated. Any disbursement of the funds from Merrill Lynch needs to be approved by the California Coastal Conservancy.

Funds received for Wetland Restoration Trust Fund but not yet spent were recorded as agency obligation. During the current year, these funds were invested through Merrill Lynch in municipal bonds, money accounts, government securities, corporate bonds, equities, and mutual funds. Agency fund activities, stated at fair market value, for the year 2013 are as follows:

Agency obligation, January 1, 2013	\$ 1,195,869
Disbursements to projects	(180,104)
Investment return	16,842
Administrative expenses paid	(53,669)
Bank fees	<u>(150)</u>
 Agency obligation, December 31, 2013	 <u>\$ 978,788</u>

(7) LOANS PAYABLE

The loans payable at December 31, 2013 consisted of:

Global Service Corps - this is a \$35,000 loan from the program director.

The loan carries no interest and repayment begins when the program has cash equal to at least one month operating expenses and at least half of the most recent trip liability total. The repayment will be on monthly basis and the amount of payment is to be determined. The loan must be repaid, extended or forgiven as of October 1, 2015. If there is no extension, any unpaid balance at October 1, 2015 will be forgiven.

\$ 35,000

Wholly H2O - a \$5,000 loan in May 2011 and another \$5,000 in February 2012 from the program director. These loans are similar in terms that both loans carry no interest and repayment begin when the program has cash equal to at least one month of operating cash expense cash, plus total outstanding liability, plus the balance of this loan. Repayment schedule is to be determined; however, if the loan is not repaid within two years, the loan will be forgiven. There was no repayment for these

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loans during the year; therefore, the earlier loan has been forgiven.	5,000
EcoVillage - a \$1,619 advance in 2003 from the project director. This loan carries no interest.	<u>1,619</u>
Total	<u>\$ 41,619</u>

(8) TEMPORARILY RESTRICTED NET ASSETS

Earth Island categorized its projects into six groups based on the common nature of the projects. The groups are: International/Indigenous Communities, Animal Protection, Energy/Climate Change, Restoration/Preservation, Education/Youth Development and Sustainability.

The following is a summary of the temporarily restriction donations by the groups for 2013:

	Beginning of Year	Additions	Releases	End of Year
International/Indigenous Communities	\$ 797,509	\$ 1,655,962	\$(1,809,581)	\$ 643,890
Animal Protection	1,741,216	982,932	(1,075,878)	1,648,270
Energy/Climate Change	1,135,984	2,406,374	(2,963,357)	579,001
Restoration/Preservation	86,512	1,542,032	(1,419,543)	209,001
Education/Youth Development	1,751,036	1,186,559	(1,077,981)	1,859,614
Sustainability	297,278	1,161,355	(1,025,387)	433,246
Earth Island Journal	-	31,350	(21,350)	10,000
Total	<u>\$ 5,809,535</u>	<u>\$ 8,966,564</u>	<u>\$(9,393,077)</u>	<u>\$ 5,383,022</u>

(9) CONCENTRATION OF CREDIT RISK

Earth Island maintains its cash, cash equivalents, and investments at one bank and one brokerage firm. The cash balances in the banks are insured by the Federal Deposit Insurance Corporation (FDIC) for up to \$250,000 per customer per bank. The securities in the brokerage accounts are protected by Security Investor Protection Corporation (SIPC) for a maximum of \$500,000; moreover, the brokerage firms usually carry additional insurance to provide further protection for their customers. Neither SIPC nor the additional coverage protects against losses on investments due to market fluctuations.

At times, these balances may exceed the FDIC limits or the SIPC limits; however, Earth Island has not experienced any losses with respect to its bank and brokerage accounts.

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(10) CONTINGENCIES

Earth Island participates in grant programs assisted by various governmental agencies. Those programs are subject to financial and compliance audits by the grantors or their representatives, the purpose of which is to ensure compliance with condition precedent and subsequent to the granting of funds. According to management, any liability for reimbursements, which may arise as the result of these audits, is believed not to be material.

Earth Island and an employee of Earth Island, along with four other parties, were named as defendants in the following two cases filed with the 11th Circuit Court in Florida. The first case in the following was also filed with the 17th Circuit Court in Florida.

Ocean World, S.A. v. Earth Island Institute, Inc. et al. – The plaintiff brought tortious interference claims against an employee of Earth Island and attempted to impute liability to Earth Island for the alleged negligent hiring and retention of the employee. The alleged interference stemmed from a speech by the employee concerning the drive harvest in Taiji, Japan that resulted in the slaughter of thousands of dolphins, including the purchase by Ocean World of twelve dolphins captured in the drive harvest and the attempted importation of those dolphins into the Dominican Republic.

The case was pending on December 31, 2013 but was settled by agreement between the parties in January 2014. Neither Earth Island nor its employee admitted any wrongdoing or liability, and the action was dismissed by the Court on February 14, 2014.

Ocean World, S.A. v. Earth Island Institute, Inc. et al. – The plaintiff sued Earth Island and one of its employees for defamation. The alleged defamation stemmed from an interview that the same employee as the case above gave to the Huckabee Show on or about May 13, 2010 concerning the drive harvest in Taiji, Japan that resulted in the slaughter of hundreds of dolphin.

The case was pending on December 31, 2013 but was settled by agreement between the parties in January 2014. Neither Earth Island nor its employee admitted any wrongdoing or liability, and the action was dismissed by the Court on February 6, 2014.

(11) EARTH ISLAND PROJECTS

Earth Island Network Services is the core program of Earth Island which aimed at carrying on Dave Brower’s legacy of developing environmental leadership for the conservation, preservation and restoration of the Earth. Project Support provides incubation services to our project network; Public Education publishes *Earth Island Journal*, a quarterly publication on international environmental issues as well as Earth Island’s website and monthly Island Wire e-newsletter; our Brower New Leaders Initiative oversees the Brower Youth Awards and emerging leaders; Restoration Initiative supports grassroots environment restoration leadership.

The following are Earth Island’s 2013 projects, which are grouped into separate categories by common nature:

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ANIMAL PROTECTION

- **Big Wildlife**** is a conservation advocacy group working to raise public awareness and gain support for top carnivore and keystone wildlife throughout North America through grassroots organizing and media.
- **International Marine Mammal Project** is leading the international effort to stop the slaughter of dolphins, end commercial whaling, end the use of drift nets and other destructive fishing practices, end commercial exploitation of cetaceans by aquariums and sea parks, and protect key whale and dolphin habitats.
- **Project Coyote's** mission is to create innovative solutions that help people and coyotes coexist. The Project accomplishes its mission by increasing awareness and understanding of the essential role coyotes play in maintaining a healthy, natural environment and by supporting and promoting humane and ecologically sound solutions to human-coyote conflicts.
- **Raptors are the Solution~** educates people about the ecological role of raptors and the enormous danger to raptors and all wildlife, as well as pets and children, from the wide use and availability of rat poisons.
- **SAVE International** (Spoonbill Action Voluntary Echo) seeks to protect the critically endangered Black-faced Spoonbill and its Asian habitat throughout its flyway by promoting alternative economic development and long-term sustainability of the ecosystems and local communities.
- **Shark Stewards~** saving sharks, imperiled marine life and restoring health to the oceans.
- **Urban Bird Foundation** (formerly Burrowing Owl Conservation Network) works to engage, educate, and nurture a broad-based constituency to ensure the conservation of bird populations, and preserve the interconnected relationship between people and nature.
- **WildFutures** (formerly the Wildlife Network) provides essential tools and trainings for wildlife and habitat groups as well as other conservation organizations. Through facilitation, trainings, campaign planning assistance and other services, WildFutures helps organizations, coalitions, and individuals advance their conservation goals.

EDUCATION/YOUTH DEVELOPMENT

- **Bay Area Wilderness Training** provides educators with the training and equipment needed to take urban youth on safe, powerful wilderness trips.
- **Changing Gears Community Bike Shop** provides full service bike sales and repairs to the general public, job training to formerly homeless individuals, opportunities for low income people to earn bikes and parts, and a community gathering space for nearby residents. The shop receives over 1,250 bike donations per year, and is located on a former naval air base in a 4,000 square foot repurposed warehouse in Alameda, CA.
- **Children in Nature Collaborative** is part of a network of regional movements across the country focused on helping people to create healthier lives and more vibrant communities through restoring their relationship with nature and each other.
- **EcoVillage Farm Learning Center** is an "Oasis of Connectivity" promoting environmental education, social justice, youth leadership and community building through its various programs and activities.

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- **Green Life**~ peer education, self-sufficiency and eco-literacy program that teaches incarcerated individuals and those reentering community the importance of a healthy relationship with the Earth.
- **Kids for the Bay** (formerly Estuary Action Challenge) partners with 4,000 students and 200 teachers in low-income elementary schools in Alameda and Contra Costa counties each year to inspire environmental consciousness and cultivate a love of learning through its seven environmental education programs.
- **Kids vs. Global Warming** is a youth-led organization, dedicated to educating students about the science of climate change and empowering them to take action. This project educates through youth-created and delivered, inspirational presentations to schools, conferences and events as well as videos, interactive booths, websites and educational resources.
- **Los Angeles Wilderness Training's** purpose is to get more youth in the Los Angeles area outdoors by supporting the adults who work with them – providing them with training and resources to lead successful outdoor education and recreation activities.
- **Rooted in Community** is a national grassroots network that empowers young people to take leadership in their own communities. It is a diverse movement of youth and adults working together who are committed to fostering healthy communities and food justice through urban and rural agriculture, community gardening, food security, and related environmental justice work.
- **Sustainable World Coalition** (formerly World Sustainability Hearings) is a research and education organization, with the purpose of educating the general public about the essential condition of the planet and the best solutions—individually and collectively—for creating a peaceful human society and a healthy environment.
- **True Colors Mural Project*** supports the development of young artist activists for the improvement of the urban environment through the creation of public murals. The purpose of the murals is to both educate urban dwellers and beautify the urban environment with messages and images that support ecological sustainability, conservation and restoration.
- **Youth Empowered Action (YEA) Camp** is a collection of experienced activists, credentialed teachers, and community leaders committed to a world in which people, animals, and the planet are treated with respect, and where everyone is empowered to take action, and express what matters most to them. Youths have the power to impact the environment, their communities, and the society as a whole. YEA Camp wants to make this happen.

ENERGY/CLIMATE CHANGE

- **CarbonfreeDC** is a grassroots initiative dedicated to mobilizing DC area residents on one goal: dramatically reducing local carbon emissions. This is accomplished by bringing together individuals, businesses, organizations, and local government to learn about local opportunities, increase adoption of renewable energy in the area, cultivate sustainable office initiatives, and galvanize citizens to share knowledge and resources.
- **Climate Wise Women** is a global platform for the promotion of women's leadership on climate change. Through powerful personal narratives, Climate Wise Women gives a human face and voice to an issue that sits squarely at the nexus of the conversation on gender equality, environmental justice, food security, the eradication of extreme poverty, and public health.

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- **CoalSwarm's** mission is to assist the movement of grassroots groups fighting Big Coal, and to mobilize support for that movement outside the current framework of environmental groups and outside the boundaries of directly impacted states. To accomplish that mission, CoalSwarm is building a Wikipedia-style information base on coal at <http://coalswarm.org>.
- **Connect the Dots** consults exclusively for the nonprofit community to reduce their environmental impact as they continue to focus on their social missions. The Green Start program concentrates on high impact, minimal effort conservation practices to "jump start" nonprofits towards sustainability. Connect the Dots seeks to "green nonprofits" by: enabling nonprofits to easily take action to make an immediate environmental impact; creating an infrastructure that encourages on-going integration of sustainable practices; empowering people of diverse backgrounds to participate in environmental sustainability.
- **EcoEquity** is a research and advocacy organization dedicated to the promotion of a just and adequate solution to the climate crisis. Its primary focus is a fair and adequate global climate regime, and preparing the U.S. people for its demands.
- **Energy Action Coalition** is a coalition of more than 40 organizations from across the U.S. and Canada, founded and led by youth to help support and strengthen the student and youth clean energy movement in North America.
- **Fired Up Media**** is harnessing dynamic advances in digital communications and new media, creative social entrepreneurship, and existing youth media on and off-campus to build a revolutionary media network. This growing network is made up of videographers, photographers, bloggers, and journalists reporting from the front lines of the youth climate movement and disseminating through Fired Up Media online and offline outlets.
- **Project Survival Media** is a global youth journalism network dedicated to broadcasting stories of survival and ingenuity in the face of climate change.
- **Renew Missouri** exists to advance the development of renewable energy in Missouri. Its vision is "Missouri: A Clean Energy State." Its mission is for Missouri to be a leading state in Renewable Energy and Energy Efficiency by year 2016.
- **Solar Campus Initiative** (formerly Solar College Initiative) serves as a partner to colleges and universities helping them to navigate the complex process of bringing solar photovoltaic systems to their campuses at virtually no cost to the institution, via innovative third party financing mechanisms which enable the institution to benefit from the many advantages of solar PV on campus.

INTERNATIONAL/INDIGENOUS COMMUNITIES

- **Altai Project** works to protect the natural and cultural heritage of the Altai – a uniquely diverse, mountainous region of southern Siberia – through small grants, professional exchanges, and joint projects with indigenous partners.
- **AlterTerra** takes an innovative approach to addressing the environmental and socioeconomic effects of unplanned urbanization by promoting initiatives that reduce poverty, create jobs, and improve general health of neighborhoods that lack sanitation and healthcare. Focusing on biodiversity and watershed-based planning, it creates locally specific solutions for economic conservation in impoverished regions of Americas.

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- **Armenia Environmental Network** has a dual mission: To increase information sharing and distribution among Armenians in Armenia, the Armenian Diaspora and the wider conservation community; and to facilitate partnerships between these communities to promote sustainable development in Armenia.
- **Baikal Watch** promotes international activities for the permanent protection of biologically unique Lake Baikal in Siberia, as well as related initiatives throughout Russia and northern Asia.
- **Borneo Project** works to support indigenous rights, rain forest protection, and community development in Borneo.
- **Center for Safe Energy** works to provide knowledge, American contacts, skills, technical assistance and financial resources to non-profit partners in the former Soviet Union that are strengthening democratic society and improving environmental conditions.
- **Ethical Traveler** is a global community through which tourists and travelers can understand their economic and political power of travel and use it to benefit both the human community and planetary environment.
- **Friends of Muonde**~ supports the Muonde Trust to foment locally-driven creativity and development in the Mazvihwa and neighboring areas of south central Zimbabwe. Through educational, agricultural and community extension programs, and a healthy dose of action research, they back local development efforts that maintain the connections between spirit, community and ecology.
- **Global Service Corps** provides opportunities for adult volunteer participants to live and work on environmental and social justice projects in Africa and Thailand.
- **Resilience Fund** is a nonprofit social venture that links coffee roasting companies and their customers with their farming partners at origin. The Fund provides financial investment and knowledge sharing to support projects that help farmers and their communities adapt and survive the impacts of climate change.
- **Sacred Land Film Project** produces a variety of media and educational materials – films, videos, DVDs, articles, photographs, school curricula materials, and Web site content – to deepen public understanding of sacred places, indigenous cultures, and environmental justice.
- **Serengeti Watch** (formerly Save The Serengeti) is building a strong coalition of support, advocacy, and funding for the Serengeti ecosystem, the people living near it, and adjacent reserves and protected areas. The project seeks lasting protection to the Serengeti ecosystem.
- **Viva Sierra Gorda** (formerly Friends of Sierra Gorda) is a support organization to a coalition of local organizations working together for a high impact public—private partnership to guarantee long term sustainability in a sacred and priority natural sanctuary, the Sierra Gorda Biosphere Reserve, Mexico.
- **Women’s Earth Alliance (WEA)** strengthens and unites grassroots women-led environmental initiatives around the world. WEA’s mission is to unite grassroots women environmental advocates around the world and to provide the connections, resources and training they need to enact effective, lasting change in their communities.

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RESTORATION/PRESERVATION

- **California Urban Stream Partnership** (formerly Urban Creeks Coalition and Urban Stream Alliance) is an organization of local, regional and statewide groups in California which advocate for the protection, restoration and stewardship of urban streams.
- **Center for Ecosystem Restoration** is a non-profit organization dedicated to the restoration of ecosystems and communities. Its goal is to improve the quality of the human and natural environment while charting a course for sustainable economic development, helping communities to prosper through work that improves the land, water, air, climate and biodiversity on which we all depend.
- **Global Trails Alliance**~ envisions an extensive, well-traveled and sustainable global network of trails that assures humanities' opportunity to experience, value and ultimately steward earth's full spectrum of ecosystems. It seeks to enhance the social, environmental and economic benefits of trails worldwide.
- **John Muir Project** works to ensure ecological management of the National Forests by ending the federal timber sales program and eliminating its system of perverse economic and political incentives that undermine science and threaten native wildlife and forest ecosystems.
- **Nature in the City** is San Francisco's first and only organization wholly dedicated to ecological conservation, restoration and stewardship of the Franciscan bioregion. Its strategies/program areas are public education, community organizing & stewardship, conservation advocacy and policy, and collaboration.
- **South Coast Habitat Restoration** works to manage habitat protection, conservation, restoration, and outreach projects in the Santa Barbara and Ventura region.
- **Urban Biofilter** leverages waste to improve quality of life in inner-cities. A micro-industrial forestry project grown with wastewater on brownfields, Urban Biofilter bioremediates water, soil, and air while shielding residents from industry and transportation routes. By valuing ecosystem services, the project enables a green economy that serves environmental justice.

SUSTAINABILITY

- **All One Ocean** is devoted to educating people about the destructive impacts of their trash by providing a simple way for beach-goers to help clean up the oceans, beautify beaches and prevent needless death and suffering to marine life. It partners with beach agencies and communities to install Beach Clean Up Stations, small boxes permanently mounted with information and supplies for collecting trash from the beach.
- **Bay Localize** builds more livable and self-reliant communities while decreasing dependence on fossil fuel in the nine-county Bay Area.
- **California Student Sustainability Coalition (CSSC)** is a statewide network of young leaders working together to advance sustainability through education, training, and networking. CSSC is currently collaborating with key decision makers to promote, create and implement university sustainability policies.
- **Campaign to Safeguard America's Waters (C-SAW)** works to stop industrial water pollution by fighting for strong national and state water quality standards. C-SAW's major foci for the past few years have been "mixing zones" and cruise ship pollution.

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- **CoCo San Farm's** mission is to use existing resources to increase local food security and decrease nutritional poverty with low carbon footprint and cost, while providing environmental education. Their goal is to create a sustainable urban farm servicing local schools and food banks.
- **Food Shift** is dedicated to building a more just and sustainable food system that curbs waste, empowers communities, respects the environment and nourishes all people. Food Shift educates and empowers consumers, businesses and communities by increasing awareness about food waste and inspiring food-related behavior change.
- **Green Café Network** (formerly Paradigm Café Network) is dedicated to addressing America's over-consumption by reducing the ecological impacts of the coffeehouse industry and harnessing café culture for environmental education.
- **Greenwash Action~** (formerly Alliance Against Greenwash) is a joint initiative whose mission is to support progress toward a healthier, more sustainable world by defending programs that represent true environmental leadership and challenging special interests that are using Greenwash to confuse the marketplace.
- **Hempstead Project HEART's** mission is to create awareness of the many uses of hemp as a way of establishing a green economy in America.
- **Oakland Food Policy Council~** is a 21-seat council that studies the Oakland food system and makes recommendations to the City of Oakland on ways to make the system more equitable and sustainable.
- **Plastic Pollution Coalition** is a global alliance of individuals, businesses and organizations working together to end plastic pollution and its toxic impacts on people, animals and the environment.
- **Safe Food and Fertilizer** seeks to ban the use of hazardous and other industrial wastes in fertilizer, soil amendments, and animal feeds due to their potential risk to human health and the environment.
- **Ultimate Civics** defines and takes on the democracy crisis lying at the heart of the climate crisis, globalization, and other societal ills that undermine the sovereign self-governance. Ultimate Civics is the 21st-century civil rights movement: human rights versus corporate rights. The democracy crisis is two-fold: 1) dysfunctional communities from civic disengagement; and 2) human rights are being trumped by corporate rights.
- **Wholly H2O's** mission is to equip Californians in the residential, commercial, institutional, industrial and agricultural sectors with the information and skills necessary to normalize water conservation and efficiency, as well as rainwater, graywater, storm water and black water reuse/recycling.

*These projects were *inactive* during all or part of fiscal year 2013.

**These projects *separated* from Earth Island during the fiscal year 2013.

~These projects were *new* to Earth Island in fiscal year 2013.