

**EARTH ISLAND INSTITUTE INC.**

**FINANCIAL STATEMENTS  
AND  
INDEPENDENT AUDITORS' REPORT**

**FOR THE YEAR ENDED DECEMBER 31, 2008**

**EARTH ISLAND INSTITUTE INC.**

December 31, 2008

**C O N T E N T S**

	<u>Page</u>
Independent Auditors' Report	1
Financial Statements	
Statement of Financial Position	2
Statement of Activities	3
Statement of Functional Expenses	4
Statement of Cash Flows	5
Notes to Financial Statements	6 - 19



**Le, Ho & Company, LLP**

*Certified Public Accountants*

402 Westlake Center, Daly City, CA 94015

Tel: 650-758-1222

Fax: 650-758-1221

## **Independent Auditors' Report**

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

We have audited the accompanying statement of financial position of Earth Island Institute Inc. (a California nonprofit organization) as of December 31, 2008, and the related statements of activities, functional expenses and cash flows for the year then ended. These financial statements are the responsibility of the management of Earth Island Institute Inc. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with U.S. generally accepted auditing standards. 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 includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our 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, 2008, and the changes in its net assets and its cash flows for the year then ended in conformity with U.S. generally accepted accounting principles.

*Le, Ho & Company, LLP*

Daly City, California  
September 4, 2009

**EARTH ISLAND INSTITUTE**  
**STATEMENT OF FINANCIAL POSITION**  
December 31, 2008

**Assets**

<b>Current Assets</b>	
Cash and cash equivalents	\$ 2,012,027
Wetland Restoration Trust Fund (contra)	1,679,465
Investments in marketable securities	335,928
Accounts and contributions receivable	472,760
Grants receivable	2,581,339
Bequest receivable	274,603
Merchandise inventory	2,918
Prepaid expenses and others	<u>202,104</u>
<b>Total Current Assets</b>	<b>7,561,144</b>
 Property and equipment, net of accumulated depreciation	 <u>1,437,036</u>
 <b>Total Assets</b>	 <b><u>\$ 8,998,180</u></b>

**Liabilities and Net Assets**

<b>Current Liabilities</b>	
Accounts payable and accrued expenses	\$ 951,198
Agency obligation (contra)	1,679,465
Deposits and advance	159,607
Deferred income	12,429
Accrued grants payable	1,245,867
Notes payable	<u>27,500</u>
<b>Total Current Liabilities</b>	<b><u>4,076,066</u></b>
 <b>Net Assets</b>	
Unrestricted net assets	
Designated for investment in net property and equipment	1,437,036
Designated for Brower Legacy Endowment	39,154
Unrestricted	<u>2,399,334</u>
<b>Total unrestricted net assets</b>	<b>3,875,524</b>
 Temporarily restricted net assets	 <u>1,046,590</u>
<b>Total Net Assets</b>	<b><u>4,922,114</u></b>
 <b>Total Liabilities and Net Assets</b>	 <b><u>\$ 8,998,180</u></b>

See accompanying notes to financial statements.

**EARTH ISLAND INSTITUTE**  
**STATEMENT OF ACTIVITIES**  
For the Year Ended December 31, 2008

	<u>Unrestricted</u>	<u>Temporary Restricted</u>	<u>Total</u>
<b>Support and Revenue</b>			
Contributions	\$ 1,566,182	\$ -	\$ 1,566,182
Foundation and other grants	6,518,373	725,719	7,244,092
Membership dues	197,401	-	197,401
Service and consulting revenue	1,456,536	-	1,456,536
Merchandise sales, net of cost of sales and gifts of \$3,104	(2,110)	-	(2,110)
Royalty income	18,306	-	18,306
Advertising income	17,112	-	17,112
Journal sales	15,726	-	15,726
Investment loss	(107,076)	-	(107,076)
Administrative fee	81,506	-	81,506
Special event, net of costs of direct benefits to donors of \$18,865	74,288	-	74,288
In-kind contributions	16,259	-	16,259
Bequests	418,687	-	418,687
Miscellaneous	109,348	-	109,348
Net assets released from restrictions			
Expiration of time restrictions	1,435,716	(1,435,716)	-
Fulfillment of purpose restrictions	57,000	(57,000)	-
Total support and revenues	<u>11,873,254</u>	<u>(766,997)</u>	<u>11,106,257</u>
<b>Expenses</b>			
Program services	9,493,827	-	9,493,827
Administrative and general	669,645	-	669,645
Fundraising	721,124	-	721,124
Total expenses	<u>10,884,596</u>	<u>-</u>	<u>10,884,596</u>
<b>Change in Net Assets</b>	988,658	(766,997)	221,661
<b>Net Assets, beginning of year</b>	<u>2,886,866</u>	<u>1,813,587</u>	<u>4,700,453</u>
<b>Net Assets, end of year</b>	<u>\$ 3,875,524</u>	<u>\$ 1,046,590</u>	<u>\$ 4,922,114</u>

See accompanying notes to financial statements.

**EARTH ISLAND INSTITUTE**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
For the Year Ended December 31, 2008

	<u>Program Services</u>	<u>Administrative and General</u>	<u>Fundraising</u>	<u>Total</u>
<b>Expenses</b>				
Salaries and employee benefits	\$ 2,734,843	\$ 404,017	\$ 315,432	\$ 3,454,292
Independent contractors	625,720	73,865	60,292	759,877
Printing and publications	134,597	14,373	11,228	160,198
Postage and shipping	56,430	5,936	4,637	67,003
Travel and meetings	587,381	12,245	9,566	609,192
Conferences and training	389,981	3,108	2,428	395,517
Direct mail costs	10,799	-	57,482	68,281
Special appeals	-	-	122,142	122,142
Grants and allocations	2,160,128	-	-	2,160,128
Promotion and public education	226,950	-	22,033	248,983
Professional fees	13,048	54,047	11,786	78,881
Occupancy	251,145	37,120	28,998	317,263
Insurance	36,724	5,428	4,240	46,392
Supplies	104,576	15,456	12,075	132,107
Telephone	67,354	9,955	7,777	85,086
Depreciation	35,548	5,254	4,104	44,906
Equipment rental and maintenance	50,531	7,468	5,835	63,834
South Coast Habitat				
Restoration costs	1,632,078	-	-	1,632,078
Outside services	231,392	-	-	231,392
Miscellaneous	<u>144,602</u>	<u>21,373</u>	<u>41,069</u>	<u>207,044</u>
<b>Total Expenses</b>	<u>\$ 9,493,827</u>	<u>\$ 669,645</u>	<u>\$ 721,124</u>	<u>\$ 10,884,596</u>

See accompanying notes to financial statements.

**EARTH ISLAND INSTITUTE**  
**STATEMENT OF CASH FLOWS**  
For the Year Ended December 31, 2008

<b>Cash Flows from Operating Activities</b>	
Change in net assets	\$ 221,661
Adjustments to reconcile change in net assets to net cash used in operating activities:	
Depreciation	44,906
Loan forgiven	(5,000)
Net unrealized loss on investment in marketable securities	(153,654)
Realized loss on sales of marketable securities	(5,572)
(Increase) decrease in:	
Accounts and contributions receivable	(301,487)
Grants receivable	(983,590)
Bequest receivable	(274,603)
Other receivable	5,500
Merchandise inventory	(1,616)
Prepaid expenses and others	(97,718)
Increase (decrease) in:	
Accounts payable and accrued expenses	762,999
Deposits and advance	17,526
Deferred income	7,143
Accrued grants payable	485,883
Net Cash Used in Operating Activities	<u>(277,622)</u>
 <b>Cash Flows from Investing Activities</b>	
Payments for fixed assets	(77,874)
Payments for leasehold improvements at David Brower Center	(252,126)
Payments for EcoVillage improvements	(113,220)
Proceed from sales and redemption of marketable securities	1,020,019
Net Cash Provided by Investing Activities	<u>576,799</u>
 <b>Net Increase in Cash and Cash Equivalents</b>	 299,177
 <b>Cash and Cash Equivalents, beginning of year</b>	 <u>1,712,850</u>
 <b>Cash and Cash Equivalents, end of year</b>	 <u>\$ 2,012,027</u>

See accompanying notes to financial statements.

**EARTH ISLAND INSTITUTE INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2008

(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 13). 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, foundation grants, and membership dues.

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

**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.



**EARTH ISLAND INSTITUTE INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2008

**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, 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 support unless explicit donor stipulations specify how the donated assets must be used. 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 ranging from three to five years.

**Contributions** – Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence and/or nature of any donor restrictions. Contributions received by Earth Island are usually related to specific programs. These contributions are considered unrestricted and are reported as unrestricted support. Contributions received that have further restrictions placed by the donors within the specific programs or are designated for future periods are reported as temporarily restricted support that increases that net asset class. If a restriction is fulfilled in the same time period in which the contribution is received, the support is reported as unrestricted.

Unconditional promises to give that are expected to be collected within one year are recorded at their net realizable value. Unconditional promises to give and multi-year grants that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. The discounts on those amounts are computed using risk-free interest rates applicable to the years in which the promises are received. Amortization of the discounts is included in foundation grants revenue.

**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.

**EARTH ISLAND INSTITUTE INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2008

**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.

**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 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

Investments in marketable securities are stated at fair market value and consisted of the following as of December 31, 2008:

Mutual funds	\$ 168,742
Preferred stocks	66,960
Corporate bonds	<u>100,226</u>
Total	<u>\$ 335,928</u>

The investment return for year 2008 consisted of the following:

Interest and dividend from banks and brokerage firm	\$ 52,150
Net unrealized loss on investment in marketable securities	(153,654)
Realized loss on sales of marketable securities	<u>(5,572)</u>
Total	<u>\$ (107,076)</u>

(3) GRANTS RECEIVABLE

The grants receivable at December 31, 2008 are all expected to be received as follows:

Less than one year	\$ 2,481,339
One to five years	<u>100,000</u>
Total	<u>\$ 2,581,339</u>

**EARTH ISLAND INSTITUTE INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2008

Included in the grants receivable are cost-reimbursement grants for the South Coast Habitat Restoration program totaling \$871,051 from California Coastal Conservancy, and \$77,531 from the California Department of Fish and Games. The state of California stopped making payment on many of its obligations because of funding shortage in early 2009; however, management believes that these grants would be paid once the state budget issue is resolved.

(4) PROPERTY AND EQUIPMENT

Property and equipment at December 31, 2008 consisted of the following:

	Basis	Accumulated Depreciation	Estimated Useful Life
Furniture and equipment	\$ 108,859	\$ 60,115	Various
House (EcoVillage)	51,951	5,484	30 yrs.
Automobiles	79,108	29,965	5 yrs
Leasehold Improvements at DBC	252,126	-	N/A
Land Improvements (EcoVillage)	411,928	-	N/A
Land (EcoVillage)	628,628	-	N/A
Total	\$ 1,532,600	\$ 95,564	

Amortization has not started for leasehold improvements at David Brower Center (DBC) because Earth Island did not move into its new office until April 2009. EcoVillage's land improvement has not been completed and depreciation has not started as of December 31, 2008.

(5) LEASES

The main office lease for Earth Island in San Francisco is for the period from June 1, 2006 to May 31, 2009 for \$9,878 per month with an option to extend for one year. Under this lease, Earth Island has one option to terminate the lease by giving six months advance written notice beginning December 1, 2006.

Earth Island started subleasing one of its offices in San Francisco in December 2007 to an unrelated party for \$350 per month.

Earth Island entered into a lease at the David Brower Center in Berkeley for its main office. This lease is for five years commencing on April 20, 2009 with two five-year renewal options for \$18,156 per month.

The office lease for Earth Island's project, Kids for the Bay, in Berkeley has been

**EARTH ISLAND INSTITUTE INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2008

renewed for the period from May 10, 2008 to May 10, 2011 for \$1,760 per month for the first year, \$1,830 per month for the second year, and \$1,903 per month for the third year.

Earth Island's project, Bay Area Wilderness Training, has two office leases. The office lease in Milpitas is for the period from October 1, 2008 to September 30, 2011 for \$1 per month. The organization that owns the building in Milpitas has waived all except \$1 of the monthly base rent, which is \$1,525 per month, to non-profits that fall under a set of selection criteria. The total in-kind contribution recognized in 2008 from the reduced rent is \$4,572. The office lease in Oakland is for the period from January 15, 2009 to January 14, 2011 for \$2,843 per month.

In addition, Earth Island has three other program offices on non-cancelable leases expiring in 2009, and several offices on a one-time or month-to-month basis throughout the U.S. to carry out its programs. Earth Island also paid its project directors for the usage of their home offices.

The rent and occupancy costs incurred in 2008 for all the leases, net of sublease income, totaled \$317,263.

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

<u>Year Ending</u> <u>December 31,</u>	
2009	\$ 317,231
2010	274,538
2011	225,493
2012	217,872
2013	217,872
Thereafter	72,624

(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 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

**EARTH ISLAND INSTITUTE INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2008

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. As of December 31, 2008, these funds were invested through Merrill Lynch in municipal bonds, money accounts, government securities, corporate bonds and mutual funds and were stated at fair value of \$1,679,465. Agency fund activities for the year ended December 31, 2008 are as follows:

Agency obligation, January 1, 2008	\$ 2,321,445
Disbursements to projects	(563,824)
Investment return	(12,682)
Return of unspent grant funds	18,438
Administrative expenses paid	(83,702)
Bank fees	<u>(210)</u>
Agency obligation, December 31, 2008	<u>\$ 1,679,465</u>

(7) GRANTS PAYABLE

One of the programs of Energy Action Coalition, a project of Earth Island, is to raise funds and then re-granting it to collaborative partners for the “The Campus Climate Challenge” project. Energy Action Coalition develops a set of funding criteria for each year, reviews proposals from each partner and facilitates budget setting and distributes funds. At December 31, 2008, Energy Action Coalition had committed \$1,245,867 for re-granting to the partners.

(8) NOTES PAYABLE

The following projects had borrowings at December 31, 2008:

*The Red Panda Network* – Non-interest bearing, payable based on funds available.

**EARTH ISLAND INSTITUTE INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2008

Balance at December 31, 2008 was \$2,500.

*Bay Area Wilderness Training* -- Two non-interest bearing loans with identical terms. During 2008, \$5,000 was forgiven on one loan. If not repaid by November 2009, the loans may be forgiven. Total balance at December 31, 2008 was \$25,000.

(9) TEMPORARILY RESTRICTED NET ASSETS

As discussed in the Note 1, Earth Island records contributions which have time restrictions or further purpose restrictions within a specific program as temporarily restricted net assets. The releases during the year and the balances of temporarily restricted net assets at December 31, 2008 are as follows:

<u>Programs / projects</u>	<u>Release</u>	<u>Balance</u>
Time-restricted:		
International Marine Mammal Project	\$ -	\$ 125,000
Sacred Land Film Project	85,716	75,000
EcoEquity	-	100,000
Energy Action	1,246,667	566,667
Altai Project	70,000	-
John Muir	33,333	-
Kids for the Bay	-	75,000
Bay Area Wildness Training	-	20,000
Purpose-restricted:		
Bay Area Wildness Training:		
- vehicle	25,000	-
- transportation	32,000	-
South Coast Habitat Restoration	-	55,719
Marine Education Program	-	29,204
	<u>                    </u>	<u>                    </u>
Total	<u>\$ 1,492,716</u>	<u>\$ 1,046,590</u>

(10) CONCENTRATION OF CREDIT RISK

Earth Island maintains its cash 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 for interest-bearing accounts and there is no limit for non-interest-bearing transaction accounts from October 3, 2008 to December 31, 2009 for institutions participating in the FDIC's Transaction Account Guarantee Program. The brokerage firm has arrangement that spreads the deposits into linked money market deposit accounts with other depository institutions so that the deposits are within the

**EARTH ISLAND INSTITUTE INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2008

FDIC limit. At December 31, 2008, Earth Island did not have any account balance exceeding the FDIC insured limit.

The securities in the brokerage accounts are protected by Security Investor Protection Corporation (SIPC) for up to 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 December 31, 2008, Earth Island had \$335,928 in securities and \$589,818 in cash equivalents not insured by FDIC with the brokerage firm.

(11) 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.

In May 2007, Earth Island and an employee of Earth Island, along with four other parties, were named as defendants in a case filed in Broward County, Florida. The plaintiff alleged that the parties interfered with his business related to trading of dolphins. No trial date has been set and Earth Island intends to contest all claims vigorously. The outcome of this case presently cannot be determined. This case is handled by attorneys under pro bono arrangements.

(12) SUBSEQUENT EVENT

In April 2009, Earth Island moved its main office to David Brower Center in Berkeley.

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 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, educate the public about the natural world, and promote sustainable human communities.

**EARTH ISLAND INSTITUTE INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2008

(13) EARTH ISLAND PROJECTS

Earth Island had the following programs and projects in 2008:

**Earth Island Network Services** is the core program of Earth Island 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.

**Adaptation Network**~ promotes adaptation, in concert with mitigation, to build resilience in the United States changing climate through support of both grassroots and policy level efforts.

**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.

**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.

**Bay Area International Development Organizations\*\*** is a network of San Francisco Bay Area non-profit organizations doing international development work. BAIDO's goals are to strengthen the community of local nonprofits and educate the public and press about grassroots international development.

**Bay Area Wilderness Training** provides educators with the training and equipment needed to take urban youth on safe, powerful wilderness trips.

**Bay Localize** builds more livable and self-reliant communities while decreasing dependence on fossil fuel in the nine-county Bay Area.

**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.

**Borneo Project** works to support indigenous rights, rain forest protection, and community development in Borneo.

**Brower Fund** educates the public on David Brower's legacy of leadership and his



**EARTH ISLAND INSTITUTE INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2008

message and provides short-term organizational support and small seed grants to innovative campaigns and projects demonstrating bold emerging leadership.

**California Student Sustainability Coalition** 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** 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.

**Center for EcoPerspectives** (formerly Yggdrasil and Yggdrasil Institute) has as its mission furthering global sustainability. The Center conducts research and disseminates information relating to environmental and ecological issues with the aim of increasing global sustainability.

**Center for Ecosystem Restoration**~ is 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.

**Center for Safe Energy** CSE 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.

**China Rivers Project** works to protect China's river heritage for people and wildlife and to foster river-based recreation in China by coordinating education-oriented river trips and providing opportunities for stakeholder dialogue about the value of healthy, free-flowing rivers.

**coalSwarm's**~ mission of coalSwarm 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>.

**Communities for Democracy in Alaska** (formerly The Democracy Initiative)\*\* is working to help protect the planet and our communities by building a democracy movement in Alaska.

**Connect the Dots**~ consults exclusively for the nonprofit community to reduce their environmental impact as they continue to focus on their social missions. Its Green Start

**EARTH ISLAND INSTITUTE INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2008

program concentrates on high impact, minimal effort conservation practices to "jump start" nonprofits towards sustainability. It 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 US people for its demands.

**Eco-Island Project** endeavors to make Angel Island a symbol of the Bay Area's environmental leadership by partnering with Angel Island State Park to harness renewable energy, promote sustainable management, and foster environmental education.

**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.

**Energy Action Coalition** is a coalition of more than 40 organizations from across the US and Canada, founded and led by youth to help support and strengthen the student and youth clean energy movement in North America.

**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.

**Fiji Organic Project** is leading the effort to shift agricultural production in Fiji to organic growing methods, particularly in the sugar cane industry.

**Global Service Corps** provides opportunities for adult volunteer participants to live and work on environmental and social justice projects in Africa and Thailand.

**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.

**Hydro Electric Watch** (formerly Northeast Alliance to Protect James Bay)\*\* focuses on the threats to the environment and indigenous cultures posed by Hydro-Quebec's plans for large-scale hydroelectric development in Northern Canada.

**Hydro Nova** (Formerly Treatment Wetlands Organization) supports a decentralized approach to water and wastewater management. In contrast to the big pipe mentality, HN emphasizes approaches that foster local solutions to critical water issues.

**EARTH ISLAND INSTITUTE INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2008

**International Marine Mammal Project** is leading the international effort to stop the slaughter of dolphins, to end commercial whaling, and to 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.

**John Muir Project** works is to ensure ecological management of our 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.

**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 our 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. It educates through youth-created and delivered, inspirational presentations to schools, conferences and events as well as videos, interactive booths, websites and educational resources.

**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.

**Project Coyote's~** mission is to create innovative solutions that help people and coyotes coexist. It accomplishes this 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.

**Red Panda Network** (formerly Red Panda Project) is focused on conducting community-based conservation through education, monitoring and sustainable development. It is focused on grassroots species conservation focusing on the ambassador for the Eastern Himalaya, the red panda.

**Reef Protection International** educates the public about the marine aquarium trade and promotes consumer behavior that enhances coral reef conservation internationally.

**Rooted in Community National Network** 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.

**EARTH ISLAND INSTITUTE INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2008

**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.

**Safe Food and Fertilizer** seeks to ban the use of hazardous and other industrial wastes in fertilizer, soil amendments, and animal feeds due to of their potential risk to human health and the environment.

**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.

**South Coast Habitat Restoration** works to manage habitat protection, conservation, restoration and outreach projects in the Santa Barbara and Ventura region.

**Sustainable Watershed Alliance** (formerly Alliance for a Clean Waterfront) is a coalition of 28 organizations that works to reform the way San Francisco perceives and handles its water resources.

**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.

**Tibetan Plateau Project** promotes biodiversity conservation and sustainable development of local communities in the Tibetan Plateau region.

**UniversitÀrea Protegida\*** creates opportunities for Nicaraguan university students to conduct scientific research, participate in community-based conservation projects, and implement environmental awareness classes in rural schools.

**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.

**West Africa Rainforest Network\* (WARN)** supports the protection of forests and forest peoples' rights in West Africa. Working in solidarity with local communities and organizations, WARN builds local capacity and international support for the protection and sustainable management of forest resources.

**WildeBeat** is an audio journal – like a radio news magazine – presenting news and

**EARTH ISLAND INSTITUTE INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2008

features to help you explore and appreciate America's wild public lands. Each week, it publishes a 10-minute documentary piece about wild places a person can visit, outings a person can join, or skills and gear a person would need.

**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.

**Women's Earth Alliance** 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.

\*These projects were *inactive* during all or part of fiscal year 2008.

\*\*These projects *separated* from Earth Island during the fiscal year 2008.

~These projects were *new* to Earth Island in fiscal year 2008.