may 2007

friends of the earth international

FINANCIAL REPORT 2006

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report of the executive committee

Friends of the Earth International saw its income grow by a significant 21 % in 2006. The total income for the year amounted to 2.8 million Euro, representing another year of steady growth.

After having improved the office facilities, the next challenge for the FoEI International Secretariat was to upgrade our IT infrastructure and maintenance. We invested both in hardware and in the re-organisation of systems maintenance. Starting on the 1st of January 2007, these services will be provided by the IT-team of FoE Netherlands. After an initial investment in 2006, the new set-up will save us several thousands of euros in the future.

New changes in leadership took place in 2006. Marijke Torfs was reinstated as the International Coordinator in August 2006, while remaining located in the US. To facilitate daily management, an Office Management Team was created including the International Coordinator, the Membership Development Coordinator, the Communications Coordinator, the Finance Manager and the new International Programs Facilitator who was hired in February 2006. Evaluations have shown that this solution is satisfactory.

With regard to expenses, there was a slight decrease in secretariat costs (5 %) and an increase in federation costs (15 %). The increase for federation costs was mainly caused by higher costs for the Bi-annual General Meeting, in Abuja, Nigeria, an expensive destination, and the location of one of the ExCom meetings in Durban, South Africa. More money was also spent on translations, thereby increasing our services to the network.

Like in previous years, most of our extra income went into the Membership Support Fund (MSF). Expenses for the MSF rose by 30 %, from 1,26 million in 2005 to 1,65 million in 2006. MSF funds were used to fund national groups' campaign activities, international coordination, regional activities and coordination, and the Strategic Planning Process. FoEI concluded its Strategic Planning Process at the BGM, where a strategic map for the next 10 years was adopted. New activities carried out by the International Secretariat included the production of a Climate Change Calendar and the production of a television documentary. Total sales for the Climate Change calendar were € 12,700. The television documentary on oil pollution in the Niger Delta will be released in 2007.

The surplus of 2006 amounts to € 15,388. An amount € 5,897 reserved for the office move will be added to this. Therefore the total amount added to the general reserves will be € 21,285.

Finally, Friends of the Earth International gratefully acknowledges financial support from HIVOS, NOVIB/Oxfam Netherlands, Cordaid, the Dutch Ministry for the Environment (VROM), the Dutch Ministry of Foreign Affairs (DGIS-TMF), the Sigrid Rausing Trust, the Swedish Society for Nature Conservation, the C.S. Mott foundation, the Wallace Global Fund, the Oak Foundation, the Esmée Fairbairn Foundation, the Polden Puckham Charitable Foundation, the Network of Social Change, the Jenifer Altman Foundation, Greenpeace International and Friends of the Earth England, Wales and Northern Ireland.

Their financial support has been crucial in strengthening our campaigns and our network.

Amsterdam, 21 May 2007

Meena Raman (chair, SAM, Malaysia)

Toni Vidan (treasurer, Green Action, Croatia)

Tony Juniper (vice-chair, FoE EWNI)
Karin Nansen (REDES, Uruguay)
Godwin Ojo (ERA, Nigeria)
Juan Almendares (FoE Honduras)
Yuri Onodera (FoE Japan)
Edith Abilogo (CED, Cameroon)
Elizabeth Bast (FoE US)

budget 2007

(amounts in euro)

FEDERATION		2007	financed through project grants:
annual meeting	Annual event (incl.translations)	86,600	*86,597*
chair costs	Chair	10,000	*10,000*
	Travel costs chair	5,000	*5,000*
excom travel & expenses	Excom travel & expenses	26,000	*23,285*
coordination	International Coordinator	77,000	
	Membership Development Coordinator	58,571	*58,571*
	Int. Campaigns Facilitator	50,000	*50,000*
communications	Communications Officer	43,000	*3,301*
	Media Coordinator	45,400	*31,609*
	Web Team	74,000	*16,633*
publications	Publications	45,700	*31,050*
	Translation publications	8,300	*8,300*
annual report	Annual Report	5,500	
translations	Translations (not AGM or publications)	11,795	*11,795*
	subtotal	**546,866**	***336,141***
	Financed through projects	-336,141	<----|
	total federation	**210,725**	

SECRETARIAT			
office/finance personnel	Office/Finance Personnel	110,000	*25,329*
staff & volunteer expenses	Staff Travel, Volunteers & Other Staff Costs	12,000	
staff training and development	Training & Education	5,000	
recruitment	Recruitment	6,000	
office accommodation	Rent & Maintenance	51,000	
	Inventory & Office Equipment	10,500	
communication	Copies, Postage, Fax, Phone, E-mail, Web	18,000	
office supplies	Supplies, Food & Drinks	7,500	
bank charges & exchange losses	Administrative & Banking Costs	8,500	
systems maintenance	Systems maintenance	16,000	
auditors	Accountant Audit	9,000	
consultancy	Consultancies	2,000	
miscellaneous	Memberships (IUCN), bad debts, miscellaneous	7,500	
	subtotal	**263,000**	***25,329***
	Core costs financed through projects	-25,329	<----|
	Overhead income from donors	-84,312	
	total secretariat	**153,359**	

budget 2007 *continued*

CAMPAIGNS & MEMBERSHIP SUPPORT FUND

non-salaries:	Federation & secretariat costs funded by subsidies	361,470
	Donor-funded overhead	84,312
	subtotal	**445,782**
campaign & project staff:	IFI Coordination	81,399
	TMF-4 Project Officer	25,000
	subtotal	**106,399**
activities:	IFI Campaign	96,075
	Corporate Campaign	57,000
	Membership Support Fund	984,641
	Strategic Planning implementation	118,966
	TMF-3 for Milieudefensie	100,000
	Global Climate Change Litigation Project	56,000
	subtotal	**1,412,682**
	total campaign-project-MSF	**1,964,863**
total expenses		**2,328,947**

CORE INCOME

Membership fees	355,000
Subscriptions	1,000
Interest	10,000
Donations, Miscellaneous	2,000
total core income	**368,000**

DONOR INCOME

SSNC (MSF)	84,433
HIVOS (MSF)	70,000
NOVIB (MSF)	175,000
Rausing (MSF)	357,500
Rausing Advancement grant (SPP)	59,500
DGIS TMF-4	335,000
DGIS Safeguarding Livelihoods TMF-3	550,000
Mott (IFI)	90,930
Wallace (IFI)	82,500
VROM (Corporates)	60,000
Oak Foundation (IFI)	40,000
Climate Change funders (various)	60,000
total donor income	**1,964,863**
total income	**2,332,863**

BALANCE	**3,916**

balance sheet 31 december 2006

(amounts in euro)

	2006	2005
fixed assets		
tangible fixed assets (1)	25,235	12,005
current assets		
liquid assets (2)	1,146,450	935,684
paid in advance	11,185	27,903
project funds advanced to foe groups	13,423	89,124
accounts receivable (3)	133,470	336,979
	1,304,528	1,389,690
total assets	**1,329,763**	**1,401,695**
unexpended funds (4)		
accumulated surplus	261,408	240,123
reserve for relocation	0	5,897
fund for membership fees alliances	4,000	4,000
	265,408	250,019
current liabilities		
accounts payable (3)	674,653	791,261
donor grants balances (5)	389,702	360,414
	1,064,355	1,151,675
total liabilities	**1,329,763**	**1,401,695**

statement of revenues and expenditures 2006

	result 2006	budget 2006	result 2005
income			
core			
membership fees (1)	286,538	285,000	293,439
overhead grants	84,803	86,394	155,817
sales	12,805	1,000	479
interest & miscellaneous (2)	34,591	12,000	37,517
	418,737	384,394	487,252
campaigns & projects (3)			
donor income for secretariat expenses	308,191	265,375	169,423
grants for activities-campaigns	2,103,244	2,130,637	1,704,466
	2,411,436	2,396,012	1,873,889
total income	**2,830,172**	**2,780,406**	**2,361,142**
expenditures			
secretariat (core)			
administrative staff (4)	95,281	106,500	105,496
staff/volunteer travel and expenses	5,240	11,000	6,008
staff training & education	1,940	5,000	1,592
office accommodation	47,722	49,000	43,717
office move	7,039	10,000	14,103
equipment & inventory	6,833		5,545
office supplies	5,614	7,500	6,622
communications & copying	13,567	16,000	14,059
web site development	165	2,000	286
systems maintenance	18,473	15,500	14,916
audits	6,630	9,000	7,750
banking costs & currency differences	12,251	13,500	4,565
recruitment	12	3,000	10,251
mutation dubious debtors (7)	1,827	5,000	2,071
miscellaneous	4,050	3,000	2,633
	226,644	256,000	239,615
federation (core)			
bi-annual general meeting	117,838	86,600	64,833
chair costs	13,965	15,000	14,925
executive committee meetings (5)	32,372	25,000	24,387
international coordinator	74,426	76,000	85,642
communications officer	44,492	45,000	46,744
press officer + travel	47,124	40,035	48,740
web team salaries	74,791	73,000	70,804
publications including translation (6)	51,347	45,300	51,272
annual report	5,545	4,500	5,302
translations general	15,243	12,795	9,626
	477,146	423,230	422,274
campaigns & membership support fund			
membership development coordinator + travel	61,383	58,571	59,613
international campaigns facilitator + travel	47,288	50,000	24,199
membership support fund (8)	1,618,832	1,593,263	1,256,459
ifi-coordination	79,861	81,830	82,021
tmf project officer	33,177	42,000	42,905
campaigns and projects (8)	270,454	274,291	259,146
	2,110,994	2,099,955	1,724,344
total expenditures	**2,814,784**	**2,779,185**	**2,386,233**
surplus/deficit	**15,388**	**1,221**	**-25,091**

accounting policies

general

All assets and liabilities are stated at their face value, unless otherwise mentioned. Foreign currency amounts are valued against the exchange rate of the last day of each quarter. Exchange rate differences have been included in the result.

presentation

The comparative figures for 2004 have been slightly adjusted. The salaries of the administrative staff now include the fees for free-lancers as these free-lancers formed part of the admininstrative team and were financed from this budget line.

The costs for consultancy fees have been added to miscellaneous costs.

tangible fixed assets

Tangible fixed assets are valued at purchase price minus depreciation. Depreciation is based on the expected duration of life. The tangible assets are divided in inventory, telephone switchboard & network infrastructure and computers (hardware & software over € 500). Depreciation of computers and switchboard is 30% for the first 3 years and 10% for the fourth year. Depreciation of inventory is spread over five years, for second-hand furniture an estimate of its remaining life is made.

liquid assets

All cash and bank balances listed under liquid assets are discretionary.

accounts receivable and accounts payable

If there is an account receivable and an account payable with the same friends of the earth member group, the outstanding amounts will be balanced. An overview of the balances of the largest debts and liabilities can be found in the notes to the balance.

result

The result is the difference between core income on the one hand and core expenses at historical cost on the other hand, taking into account the above valuation principles.

notes to the balance sheet

1. tangible fixed assets	inventory	computers	network infrastructure	total
purchase value december 31, 2005	28,536	39,083	10,959	58,579
depreciation december 31, 2005	-6,635	-33,400	-6,539	-46,574
book value december 31, 2005	**1,901**	**5,684**	**4,420**	**12,005**
investments 2006		20,062		20,062
disposed 2006	-317	-7,248		-7,565
disposed depreciation 2006	317	7,248		7,565
depreciation 2006	-654	-4,819	-1,360	-6,833
book value december 31, 2006	**1,248**	**20,927**	**3,060**	**25,235**

2. cash & bank	2006	2005
cash	1,668	1,136
euro (postbank, current)	241,891	87,534
euro (abn-amro, current)	19,260	13,509
euro (asn savings-general)	505,316	549,588
euro (asn savings-dgis tmf3)	317,795	279,700
us $ (abn-amro current)	54,697	668
uk £ (cooperative bank, instant)	3,339	3,249
paypal account	2,485	301
total	**1,146,450**	**935,684**

3a. accounts receivable & payable per debtor/creditor	debtors	creditors	transit assets	balance
foe groups (amounts over € 5,000):				
foe australia	2,353	6,767		-4,414
foe brasil		10,460		-10,460
foe cameroon	2,620	12,202		-9,582
foe costa rica	101	7,000		-6,899
foe colombia		11,314		-11,314
foe el salvador		5,500		-5,500
foe europe	558	7,574		-7,017
foe ewni	7,652	287		7,365
foe ghana		13,108		-13,108
foe indonesia	6,894	-15,895		22,789
foe japan	583	10,552		-9,970
foe korea	24,974			24,974
foe malaysia	250	15,630		-15,380
foe netherlands	1,452	61,177		-59,725
foe nigeria	1,800	75,724		-73,924
foe norway	22,605			22,605
foe papua new guinea	4,701	6,000		-1,299
foe paraguay		6,919		-6,919
foe peru		6,425		-6,425
foe south africa	534	20,838		-20,304
foe togo		7,406		-7,406
foe uruguay		14,578		-14,578
donors:				
advanced for hivos			5,000	5,000
others	21,852	131,162	31,115	-78,194
total	**98,928**	**414,729**	**36,115**	**-279,685**

3b. financial assets & liabilities by kind:	2006	2005
assets		
debtors	98,928	203,928
doubtful debtors	-18,269	-16,442
deposits	8,491	45
pension fund current account	8,205	
wage tax		1,355
social security premiums to receive		578
transit assets	36,115	147,514
accounts receivable	**133,470**	**336,979**
liabilities		
creditors	414,729	424,629
provision holiday payments	15,187	15,945
DGIS TMF-3 grant 2007 received in advance	189,525	329,700
transit liabilities	33,820	16,826
pension fund current account		4,161
tax service - wage tax + premiums	21,392	
accounts payable	**674,653**	**791,261**

liabilities not shown on balance sheet
ABN AMRO Bank issued a letter of credit to JSA Amstelveen bv on behalf of Friends of the Earth International for the value of € 7,850.23 in guarantee of rent payments.

4. unexpended funds	end 2005	result 2006	allocations	end 2006
accumulated surplus	240,123	21,285		261,408
fund for membership alliances	4,000			4,000
reserve for relocation	5,897	-5,897		0
total	**250,019**	**15,388**	**0**	**265,408**

5. donor grants balances	
rausing trust	41,697
rausing trust advancement grant	59,201
tmf-1 poverty alleviation	17,258
tmf-3 safeguarding livelihoods	200,669
tmf-4 trade and corporate grant	15,354
wallace global fund	16,936
oak gas flaring grant	9,000
vrom corporate rights & accountability	8,076
climate change litigation project donors*	21,511
total *	**389,702**

***** *see page 12 for specification of all donors*

notes to the statement of revenue and expenses

1. membership fees

Membership fees are calculated at 1% of the member groups' unrestricted income plus 0,1% of their restricted income of two years ago. The fees for 2006 were thus based on groups' income in 2004 and amounted to € 286,538. Last year the amount was € 293,439. For the fees of 2006 that have not yet been paid an estimate has been made, as well as a provision of € 16,823. The 2006 BGM decided to raise the fees; in 2007 the percentages will be 1.15% and 0.013%.

2. interest & miscellaneous:	**2006**	**2005**
interest	6,781	6,384
donations	908	495
media services to member groups	25,010	26,840
miscellaneous	1,891	3,798
total	**34,591**	**37,517**

3. donor income:
(funds used in 2006)

ssnc	88,743
hivos	70,000
rausing trust 05-06	56,135
rausing trust 06-07	328,312
novib	221,489
cordaid	20,000
dgis-tmf 1 grant poverty alleviation	529,290
dgis-tmf 3 grant safeguarding livelihoods	459,486
dgis-tmf 4 grant tes-corporate work	319,646
oak foundation gas flaring grant	6,000
oak foundation 05-06	9,129
cs mott foundation	86,909
vrom corporate accountability	39,924
wallace global fund 2005-2006	24,947
jenifer altman foundation	7,827
wallace global fund grant durban meeting	10,009
wallace global fund 2006-2007	49,944
climate change litigation project funds *	168,448
including overhead	2,496,239
overhead grants	-84,803
total	**2,411,436**

donor income:	
donor contribution core expenses	308,191
activities - campaigns	2,103,244
2,411,436	

** donors include: esmee fairbairn foundation (101,997), gpi climate justice programme (11,965), polden puckham (7,214) and network for social change (14,486).*

4. staff salaries

At the end of 2006 FoEI had 12 paid staff members. The International Coordinator is working externally and does not appear on the payroll. We "outsourced" systems maintenance. A contract with FoE Netherlands to provide IT services for FoEI will take effect on January 1, 2007.

	2006	2005
international coordinator	1.0	1.0
communications officer	0.8	0.8
finance & personnel manager	0.8	0.8
membership development coordinator	1.0	1.0
international campaigns facilitator	0.8	
office coordinator	0.8	0.6
web coordinator	0.8	0.8
ifi campaign coordinators (2)	1.6	1.6
msf-campaigns assistant	0.2	0.6
tmf-project officer	0.5	0.8
bookkeeper	0.4	
extranet coordinator	0.8	0.8
media coordinator	0.9	0.9
systems maintainer		0.3
	10.4	**10.0**
specification salary costs		
gross salaries	407,556	408,989
social security costs	57,656	63,422
pension costs	43,937	36,313
costs terms & conditions	11,556	19,600
other staff costs	7,074	6,283
free-lance temporary staff	12,206	14,890
project salary income	-444,705	-444,001
	95,281	**105,496**

The expenses for staff at the secretariat only include administrative staff. All other core positions are specified explicitly in the statement of revenues and expenditures. The international coordinator and communications staff salaries are grouped under federation costs.

5. executive committee

Until september 2006 the executive committee consisted of the following groups: Malaysia (chair), England, Wales & Northern Ireland (vice-chair), Switzerland (treasurer), Uruguay, Colombia, Japan, Nigeria, Togo and Croatia.

At the BGM in Abuja, Nigeria a new executive committee was elected, replacing the members from Switzerland, Colombia and Togo by new member from groups in Honduras, the US and Cameroon.

Meetings were held in Amsterdam (January and August), in Durban, South Africa (June, coinciding with Climate Change and IFI Campaign meetings) and in Abuja, Nigeria (October) coinciding with the BGM.

notes to the statement of revenue and expenses *continued*

6. publications	**2006**	**2005**
publications		
production costs glossy publication (link)	38,600	35,100
mailing costs	6,804	5,668
translation glossies	5,943	5,767
new foei leaflets		2,260
t-shirts		2,478
	51,347	**51,272**
annual report	**5,545**	**5,302**
other publications & translations		
translations other	12,540	7,167
translations interlinkages	2,704	2,460
	15,243	**9,626**

7. bad debts

mutation dubious debtors 2006

adjustment provision bad debts	1,827
	1,827
balance provision bad debts end 2006	18,269
balance provision bad debts end 2005	16,442
mutation	**1,827**

8. campaigns and membership support fund

The following donors contributed to the membership support fund in 2005: SSNC, Hivos, the Rausing Trust, DGIS, Novib and Cordaid.

The individual reports to the donors specify exactly how each grant has been spent.

The activities funded from the membership support fund included the general foei meeting, campaign strategy meetings and campaign coordination, support of national campaigns, skills shares and participation in the World Social Forum. 2006 was the second year of our strategic planning process, concluded by the adoption of a strategy to be implemented in the following years.

MSF funding decisions are taken by the Executive Committee, following the priorities set by the last general meeting, the funding criteria of the donors and the performance of the groups.

membership support fund	**2006**	**2005**
membership assessment	2,703	2,595
membership development	53,013	17,500
capacity building, skills shares and exchanges	45,431	4,490
strategic planning process	109,207	66,795
msf funding climate change campaign	72,617	21,553
msf funding gmo campaign	57,500	127,035
msf funding ifi campaign	115,387	185,938
msf funding forest campaign	178,966	17,150
msf funding tes campaign	113,871	144,038
msf funding corporates campaign	287,485	168,905
biodiversity project		2,606
tmf-1 poverty alleviation programme	501,290	366,161
tmf-2 trade-corporate work		87,447
msf communication and outreach	62,212	25,000
network development gender	19,150	19,246
	1,618,832	1,256,459
coordination salaries		
membership developm. coordinator (incl. travel)	61,383	59,613
international campaigns facilitator (incl. travel)	47,288	24,199
tmf 1-4 project officer (incl. travel)	33,177	42,905
	1,760,679	**1,383,177**

campaigns funded separately	**2006**	**2005**
ifi campaign (cs mott, wallace global fund, oak)	70,666	116,872
communication and outreach		31,600
global climate change litigation project	165,038	110,674
corporate campaign (vrom, jennifer altman fdt)	34,750	
	270,454	259,146
campaigners' salaries		
ifi campaign coordination	79,861	82,021
	350,315	**341,168**
total campaigns and msf	**2,110,994**	**1,724,344**

auditor's report

Dubois & Co.
REGISTERACCOUNTANTS

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To: the management of Vereniging Friends of the Earth International,
Amsterdam.

AUDITORS' REPORT

We have audited the accompanying financial statements 2006 of Vereniging Friends of the Earth International, Amsterdam, which comprise the balance sheet as at 31 December 2006, the profit and loss account for the year then ended and the notes.

Management's responsibility
Management is responsible for the preparation and fair presentation of the financial statements and for the preparation of the management board report, both in accordance with Guideline 640 for Annual Financial Reporting for non-profit organizations. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' responsibility
Our responsibility is to express an opinion on the financial statements based on our audit. We conducted our audit in accordance with Dutch law. This law requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from 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 auditors' 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of 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.

VERMOTEN
M. Karman
A.F.M. van Klaren
C. Offerman
MANAGER
J.J.H.G. Stengs
MEDEWERKERS-REGISTERACCOUNTANT
drs. P.A.J.M. Bonants
drs. A.P. Buteijn
drs. J.J.M. Huijbregts
drs. J.P. Walter

SENIOR ORGANISATIEADVISEUR
drs. P.W.A. Kasteleyn, RC

Dubois & Co.
REGISTERACCOUNTANTS

Opinion
In our opinion, the financial statements give a true and fair view of the financial position of Vereniging Friends of the Earth International as at 31 December 2006, and of its result for the year then ended in accordance with Guideline 640 for Annual Financial Reporting for non-profit organizations.

Amsterdam, 21 May 2007

Dubois & Co. Registeraccountants

M. Karman

A.P. Buteijn

contact details

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Community consultations on mining in Guatemala.

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Friends of the Earth International

www.foei.org