ANNUAL REPORT 2013

FISCAL YEAR APRIL 2012 – MARCH 2013

The advent of our 40th anniversary marks an important time for ICF to reflect on past achievements, to assess the conservation challenges that lie ahead, and to chart a clear course for the future. From its beginning, ICF has recognized that conserving all species of cranes requires a broad commitment to the people and places essential to cranes. Over the past four decades we have grown dramatically in global reach and impact, while steadily developing our capacity to address the health of the landscapes that sustain not only cranes, but also people and a wealth of biological diversity. Cranes truly are ambassadors for conservation – serving both as sentinels and flagships for some of the most important places on Earth.

Crane conservation continues to address daunting challenges. Cranes are among the most endangered families of birds in the world, with eleven of the fifteen species threatened with extinction. In sub-Saharan Africa, Grey Crowned, Black Crowned, Wattled, and Blue Cranes face many threats fueled by population growth and widespread poverty. In Asia, six species are threatened, including Siberian, Red-crowned, White-naped, Hooded, and Black-necked Cranes in rapidly developing East Asia, and the Sarus Crane throughout its range in South and Southeast Asia. The rarest of all cranes, the Whooping Crane, faces an array of conservation challenges here in North America.

Crane conservation inspires big thinking. When ICF was founded 40 years ago, we were only beginning to understand the magnitude of the ecological crises posed by global population growth, water scarcity, energy demand, widespread poverty, and later, emerging issues such as climate change and invasive species. To save cranes in their vital landscapes, we must seek sustainable pathways for water, land, and energy development, securing biodiversity on agricultural lands, enabling communities to benefit in meaningful and lasting ways through conservation action, and adapting to new climate realities. We must continue to bring people together to create models that demonstrate real conservation solutions, based on sound science and long-term commitments to the people and places where we work.

Conservation leadership is key. ICF is a small organization with a big mission. As champions for the charismatic cranes with their universal appeal, we seek to mobilize a global community of dedicated and resourceful people for a direct and lasting impact on the environment. A longtime strength of ICF has been the mentoring and inspiration we provide to budding conservationists around the world, that includes the training and resources that local leaders need to engage their communities in positive change.

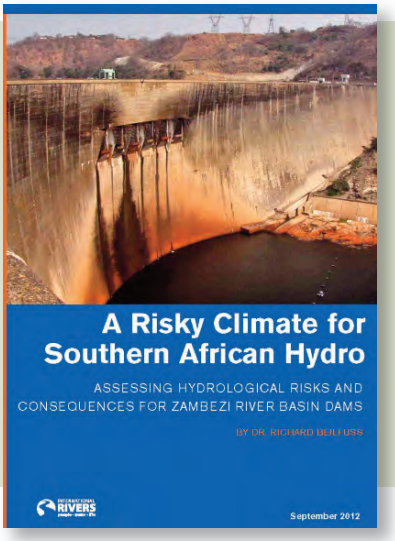
Our 40th anniversary is dedicated to our many supporters and partners who make our work possible. Thank you for your commitment to saving cranes and to so much we hold dear.

Dr. Richard Beilfuss, President & CEO

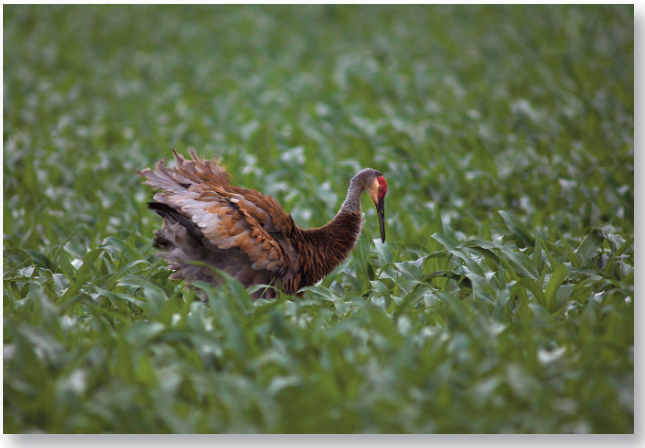
John Ford

PROGRAM HIGHLIGHTS

With support from the John D. and Catherine T. MacArthur Foundation, the ICF/Endangered Wildlife Trust (EWT) Africa Partnership is implementing a three-year project for conservation of Rugezi Marsh, Rwanda's largest wetland and most important site for Endangered Grey Crowned Cranes. In addition to assessing peat resources within the wetlands and monitoring crane status, we are focusing on the Batwa community which is highly dependent on wetland resources in the Rugezi Marsh catchment. "Our threats assessment revealed that most cases of uncontrolled fires and wildlife disturbance can be traced to activities in Batwa villages," notes ICF/EWT Community Projects Coordinator Osiman Mabhachi. "In addition to providing education materials for Batwa school children, we are providing lambs to village families as an economic alternative to exploiting wetland resources."



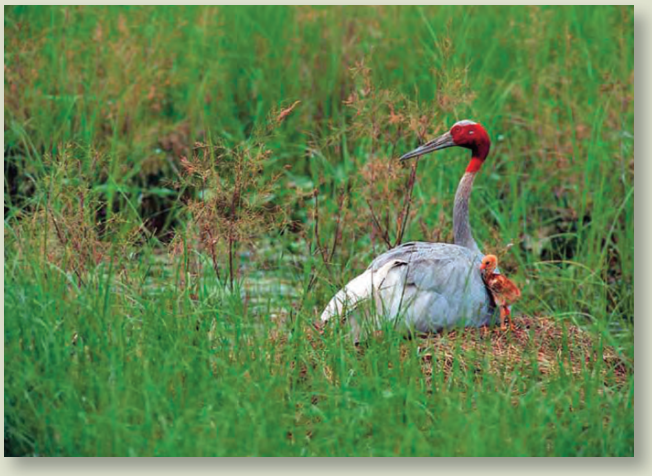
ICF completed a major study assessing the hydrological risks and consequences of climate change and water scarcity for Zambezi River basin dams. Zambezi waters support most of the world's Vulnerable Wattled Cranes, many other species of global concern, and livelihoods for millions of people. "Ensuring energy and water security in the Zambezi River basin for the future will require new ways of thinking about river basin development," notes ICF President and CEO Dr. Richard Beilfuss, the study author. "We need to avoid investing billions of dollars into projects that could become white elephants." The report was published in English and Portuguese by the International Rivers Network, was featured in the news headlines through the Associated Press, Reuters, Huffington Post, and others, and appeared front-page on newspapers across southern Africa.



Ted Thousand

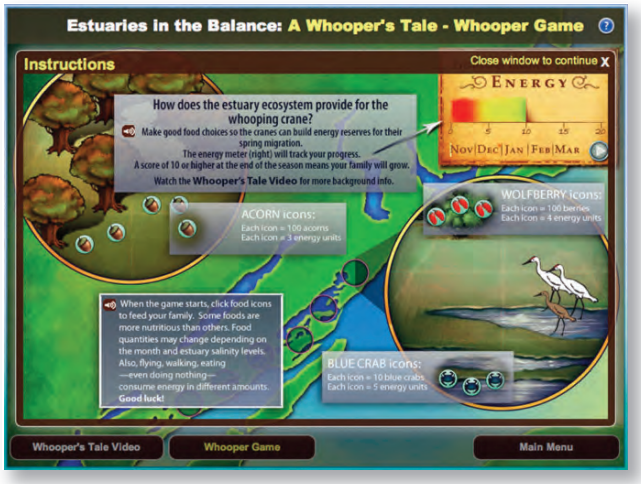
Together with Beijing Forestry University, ICF organized the international workshop, ***Cranes and Sustainable Agriculture*** held in Beijing and East Dongting Lake National Nature Reserve (NNR) in the mid-Yangtze River Basin. The workshop focused on Northeast Asia, with over 70 Chinese participants and 30 scientists from international organizations and other regions. "Cranes often benefit from agriculture," notes ICF Senior Vice President Jim Harris, head of the Wetlands International – IUCN Species Survival Commission Crane Specialist Group, "but as land use practices intensify the conditions for cranes and other wildlife deteriorate – a major threat in many parts of the world." Workshop participants developed a ***Call to Action*** requesting governments, researchers, and those concerned with the links between agriculture, cranes, and wetland conservation to implement a series of recommendations. Sixteen specialists at the meeting also joined together to form a global network to reduce crane collisions with power lines.

ICF continues to facilitate the sharing of international concern and expertise with Chinese colleagues working to safeguard Poyang Lake, the most important wetland in East Asia for cranes and other wintering water birds. Our long-term monitoring at four sub-lakes at Poyang Lake NNR in China to determine the relations linking water birds, water levels and aquatic food plants, will form the scientific basis for a water management plan now being developed for the sub-lakes. ICF published a book in English and Chinese that summarizes 12-years of monitoring at Poyang. In winter 2012-13, ICF sponsored two water bird counts across the entire Poyang Lake Basin, and initiated intensive study of one important sub-lake, Sha Hu. In part through ICF efforts, Poyang Lake was selected by the Alliance for Zero Extinction as one of the ***Seven Wonders of the World for Endangered Species,*** due to its significance for the Critically Endangered Siberian Crane.



Research in India's densely farmed Sarus Crane landscape, or ***SarusScape,*** showed that wetlands maintained for human use can also have high biodiversity. In just 28 small wetlands, we identified 99 different species of birds, and Nilgai, the largest antelope in Asia, are common. "This research highlights that conservation focused on large protected wetlands are insufficient to secure the biodiversity of tropical agricultural landscapes like those in north India," maintains ICF's ***SarusScape*** Director, Dr. K.S. Gopi Sundar. "Smaller and more intensively used wetlands are also very important." ICF is working with local communities to safeguard traditional agricultural practices and village uses of wetlands that sustain many resident and migratory birds as a key part of a regional conservation strategy. The project team also mapped more than 11,000 wetlands in just seven districts (9%) of the Indian state of Uttar Pradesh, home to the densest concentration of Sarus Cranes (and people) in the world.

ICF's intense monitoring of the released Whooping Cranes nesting in and around the Necedah National Wildlife Refuge was combined with an experimental treatment (Bti) to biologically control black flies that appear to be causing the cranes to abandon their nests. The experiment was successful, and the numbers of black flies were significantly reduced. Twenty-two nesting pairs produced nine chicks, the highest number of chicks ever recorded in a year for this released population. This ongoing important research has shown that irritation from black flies is likely a factor in the poor reproductive success of the Whooping Crane Eastern Partnership (WCEP) reintroduced cranes. WCEP partners have subsequently chosen to focus future releases in areas in east central Wisconsin where black flies are less common.



Partnering with Hamline University's Center for Global Environmental Education, ICF is developing interactive multimedia educational products to engage teachers, students, and communities throughout North America in the most pressing threats to Whooping Cranes. The first of numerous products, "Estuaries in the Balance," is a fun-filled, internet-based program that immerses users in the wonders of the Texas coastal bend estuaries and introduces the critical importance of freshwater management to maintaining the health of those ecosystems and the Whooping Cranes that depend on them. Several thousand teachers in Texas have been introduced to ***Estuaries in the Balance.*** "Teachers are thrilled to have a rich and engaging resource that relates directly to a current and pressing environmental issue in their backyard," notes Joan Garland, ICF Education Outreach Coordinator. Explore the program at: cgee.hamline.edu/CoastalBendEstuaries/.

Al Perry

In March, the U.S. District Court in Texas ruled in favor of Endangered Whooping Cranes in a landmark decision with important implications for the future of our coastal bays and estuaries. The court ruled that Texas water authorities were violating the Endangered Species Act through their water management practices in the Guadalupe River basin, providing insufficient freshwater inflows to sustain the last-remaining wild population of Whooping Cranes on their wintering grounds. New water permits cannot be granted until the State of Texas designs a Habitat Conservation Plan to minimize and mitigate the impacts of water management on the cranes – including reduced water offtakes during droughts. We are grateful to our partners, The Aransas Project, for their masterful litigation of this case. The decision is currently under appeal with the U.S. Circuit Court of Appeals. Meanwhile, ICF staff and partners are monitoring Whooping Crane abundance, behavior, condition, and food availability in response to freshwater inflow conditions, and prioritizing conservation areas for Whooping Cranes and other coastal species of concern under current and future scenarios of land development and sea level rise.

ICF's mentorship of the eighteen-university Southeast Asian Wetlands Network culminated this year in a major survey, funded by the U.S. State Department, for persistent organic pollutants in Mekong River basin wetlands. Wetlands in five countries were inventoried, and 531 soil samples were analyzed for evidence of DDT-like compounds, PCBs and heavy metals. Hotspots were found for some pollutants, often correlated with measures of human activity such as agricultural use and proximity to cities. "Because of the training and support we provided to scientists and students in the University Wetlands Network," notes Dr. Tran Triet, ICF Southeast Asia Program Coordinator, "they are now able to independently continue studies of the wetlands and the impacts of the measured pollutants on fish, other wildlife, and people."

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FINANCIAL SUMMARY

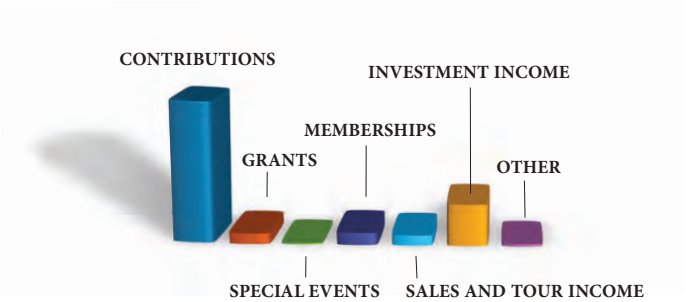
FISCAL YEAR APRIL 2012 – MARCH 2013

STATEMENTS OF FINANCIAL POSITION

Years ended March 31, 2013 and 2012

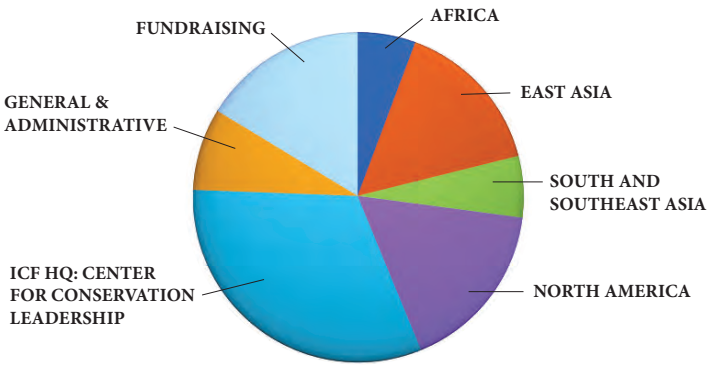
ASSETS	2013	2012
CURRENT ASSETS		
Cash and cash equivalents	$1,246,850	$1,647,737
Certificates of Deposit	254,956	253,166
Accounts receivable	4,929	15,271
Grants receivable	76,950	85,500
Unconditional promises to give, current portion	472,776	246,088
Inventories	62,919	67,086
Prepaid expenses	106,092	57,528
Total Current Assets	2,225,472	2,372,376
PROPERTY AND EQUIPMENT, NET	3,666,726	3,984,836
OTHER ASSETS		
Unconditional promises to give, long-term portion	159,052	139,200
Beneficial interest in charitable remainder trusts	791,566	762,973
Assets restricted to endowments	1,622,871	1,572,871
Long Term Investments	12,422,551	11,066,487
Total Other Assets	14,996,040	13,541,531
Total Assets	**$20,888,238**	**$19,898,743**
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable and accrued expenses	$92,018	$90,661
Accrued payroll and related liabilities	140,164	162,773
Deferred revenue	54,134	70,657
Total Current Liabilities	286,316	324,091
NET ASSETS		
Unrestricted	16,613,551	16,539,865
Temporarily restricted	2,365,500	1,461,916
Permanently restricted	1,622,871	1,572,871
Total Net Assets	20,601,922	19,574,652
Total Liabilities and Net Assets	**$20,888,238**	**$19,898,743**

2013 SOURCES OF FUNDING



Contributions	$4,119,743	63.5%
Grants	319,907	4.9%
Special events	44,444	0.7%
Memberships	369,863	5.7%
Sales and Tour income	304,491	4.7%
Investment income	1,252,576	19.3%
Other	73,086	1.1%
Total Revenue	**6,484,110**	**100.0%**

2013 USE OF FUNDS



Africa	311,461	5.71%
East Asia	838,274	15.36%
South and Southeast Asia	328,148	6.01%
North America	910,264	16.68%
ICF HQ: Center for Conservation Leadership	1,735,414	31.80%
General & Administrative	443,257	8.12%
Fundraising	890,022	16.31%
Total Program Services	4,333,279	75.57%
Total Supporting Activities	1,333,279	24.43%
Total Expenses	**5,456,840**	**100.0%**