Dear Friend,

As it has since its founding in 1917, the American Friends Service Committee faced a year of challenges and successes in 2004. While saddened by the continuing violence and death in Iraq, we were strengthened by the remarkable and moving response to our traveling memorial, Eyes Wide Open.

Conceived and developed by AFSC’s Chicago Office, the exhibit uses a pair of combat boots for each member of the U.S. military who has died in the Iraq war. A large array of shoes and sandals represents the tens of thousands of Iraqi citizens who have died and display panels provide commentary about how the war started. Eyes Wide Open has traveled the country, present at events such as the Fourth of July celebrations in Philadelphia, the Republican National Convention in New York and at the Democratic National Convention in Boston.

While the Eyes Wide Open exhibit has a special meaning for AFSC, I like to think that we approach all of our programs with our eyes wide open—open to possibilities for peace, reconciliation and economic betterment for our brothers and sisters around the world.

Whether it is in an urban office in Newark to talk with an immigration lawyer, a rice paddy in Laos, a church assembly room in Kansas City, or a hurricane devastated community, people bring their energy and commitment to join ours.

We thank our financial supporters for their dedication to AFSC and to our mutual vision of a better world. The programs presented in this report could not operate without them.

I commend this Annual Report to you and dedicate it to all of the AFSC’s remarkable program partners.

With warm regards,

Mary Ellen McNish
General Secretary
“This is one of the most powerful things I have ever witnessed. These disturbing facts and images need to be seen by all Americans. Questioning your government is patriotic. Blind faith is not.”

“...it made me realize how precious and short life is. I walked away thinking about all the things I put off ‘til tomorrow and I resolved to take more action today...especially letting the people in my life know that I care about them.”

From a Vietnam Veteran who donated his combat boots:

“Our heartfelt wish is that these boots be taken as a reminder from those of us who have been to war that the only real answers, the only true resolution, the only real future, is in peace...the most courageous among us is the peacemaker who stands before the mighty engines of war, armed and shielded only by the belief that killing is wrong.”

“It’s horrific how many innocent Iraqi civilians are dying....”

“This memorial...is a testament to life. It reaffirms the sacredness of life and reminds us that the loss of any human being is a tragedy.”
International Programs

From its earliest days, AFSC has looked beyond the United States to the needs of vulnerable communities around the world. With work in Asia, Latin America, Africa, the Middle East and Europe, the tradition continues.

For part of 2004, staff continued to work in Iraq, making financial grants to local agencies for items such as electric generators. As the security situation deteriorated, they moved their base to Amman, Jordan, where they continued to write their acclaimed web journal, “The Human Face of War.”

From economic development programs to quiet diplomacy carried on by Quaker International Affairs Representatives to support for grassroots activism, we bring expertise and financial resources to a wide variety of projects. The following are some samples of our efforts in 2004.

Afghanistan

In Bamiyan Province, Afghanistan, the Nayak, Tob Chi and Nai Taq schools were completed and furnished with desks and chairs. Construction began on Langarkana girl’s school and Panjab high school for girls. Several Friends groups and organizations have been especially helpful in the school rebuilding program. In addition, AFSC provided funds so that teachers could spend their winter break undergoing intensive skills training. Working with partner organizations, nearly 1,000 women in Kabul received literacy training and participated in sessions on health and hygiene and other useful topics.

Cambodia

With work in more than forty communities in Cambodia, AFSC works to improve food security for vulnerable families. The program includes training in agricultural methods and management techniques, seeds and tools for increased food production, pig and poultry raising, training village veterinarians, help with pest control, well construction, and literacy classes. In addition, AFSC promotes new rice seed varieties and provides the starting capital for community-based rice banks, micro-credit projects, and animal banks.

Haiti

Staff in Haiti responded with emergency food and sanitation supplies to hurricane victims in the northwest part of the country. Ongoing development projects included goat distribution, basic first aid training at the one clinic in the Grand’Anse area, and tree nurseries to bolster reforestation on the severely eroded hillsides.

Sarajevo

Two new satellite “peace” gardens in Sarajevo were established in 2004, bringing the total to 13. A wide variety of crops including cabbage, carrots, garlic, eggplant, paprika, potatoes and tomatoes are cultivated, providing much-needed nutrition for the participants. A major accomplishment is continuing communication across ethnic lines in an area where such opportunities are still limited.
Domestic Peacebuilding

“Eyes Wide Open” (see page 3) began in Chicago in January 2004 with a display of 504 pairs of combat boots—one for each U.S. military casualty since the beginning of the Iraq War. A large pile of shoes was added to the display to represent dead Iraqis. This memorial traveled to some 50 locations around the country in 2004 and had a profound effect on visitors. In city after city, we received exceptional coverage from local press. Major national media outlets also featured Eyes Wide Open, with stories in USA Today, The New York Times, People magazine and on National Public Radio.
Domestic Peacebuilding

In 2004, as the Iraq War continued to consume vast financial resources and took a heavy human toll in lives lost and injuries sustained, AFSC pressed on in a leadership role in the U.S. peace community. We built new partnerships with military families and veterans. We reached new constituents and urged public discourse on the war, particularly as part of issues discussions during an election year. The highlights here tell just part of the story.

Youth & Militarism Program
Inquiries to AFSC’s Youth & Militarism Program increased as public interest in counter-recruitment increased. Through publications such as “The Poverty Draft” and “Do You Know Enough to Enlist?” the program educated students and their parents about the realities of signing up for military service. Staff supported grassroots efforts to stop JROTC programs and answered hundreds of calls from soldiers already in the military seeking information on their rights.

Africa Initiative Youth Exchange
The Africa Initiative Youth Exchange program provided young people with international training on the roots of conflict and peacemaking, networking with their counterparts in Africa, and volunteer opportunities in the U.S. The first annual Sutherland Institute for Africa Advocates was held in 2004 and highlighted skills training for young activists and introduced them to seasoned African scholars.

Supporting Civil Liberties
In Iowa, AFSC responded quickly when grand jury subpoenas were delivered to four peace activists on Feb. 3, 2004 by a person from the Polk County Joint Task Force on Terrorism. Viewed as an attempt to stifle dissent, the AFSC office immediately called for the public to contact their congressional representatives and the media. A February 10 support rally turned into a victory rally when all the subpoenas were withdrawn. The Iowa office was instrumental in the passage in July 2004 of a strong city council resolution “affirming and supporting civil liberties” in Des Moines, Iowa.

Building the Dream
The New England Regional Office played a lead role in organizing the Boston Social Forum that met in Boston at the time of the Democratic Convention. Prominent issues were water privatization, human rights, peace, criminal justice, and immigration. An Active Arts conference mobilized young activists. One participant noted, “This is a place where you can dream.”
Community Relations

60 percent of families served by local food cupboards include a working adult.
Community Relations

We all live in community. AFSC’s goal is to strengthen those groups who need stronger voices on the issues that directly affect them. Local organizing and mobilizations, building bridges where there is conflict, and lobbying within legal limits on issues that affect the poor and disenfranchised are the hallmarks of our work. Here are some of our activities in 2004.

Voter Registration
Using cartoon flyers, advertisements, and local press events, AFSC promoted voter registration in diverse communities. In Boston, staff signed up 600 of 1,400 brand new citizens at their naturalization ceremony. Atlanta work focused on historically Black colleges and universities. Phone banks, door-to-door canvassing and transporting voters to the polls on election day added to the success of the effort.

Low-Income Voter Registration
Prior to the elections in November, the national Economic Justice program spearheaded low-income voter registration in New York, New Hampshire and Ohio. As a means to raise issues central to welfare recipients, a “Welfare Voter” postcard campaign involved 154 groups and hundreds of individuals in 38 states. Thousands of postcards were delivered to senators’ local offices.

New Voter Registration
A concerted outreach to register new voters was made in Kansas City. Community Empowerment Fairs involved churches, social service agencies and community organizations and shared information with residents. Music and food brought young people to registration events. Demonstrations provided hands-on experience to voters before they went to the polls.

Tamejavi Festival in California
The Pacific Mountain Region brought together diverse immigrant communities in the Tamejavi Festival in California’s Central Valley. Stage performances, marketplace, and photo and art exhibits demonstrated the richness of these cultures. Collaborations developed such as the Mixteca, Mexican, Hmong, El Salvadoran and Pakistani women who jointly operated a booth featuring traditional medicines and herbs. As they shared their cultures, these women also spoke out about their economic and social concerns.

Economic Justice
With the leadership of the West Virginia Economic Justice program and its allies, the State of West Virginia restored $5 million in funding for child care for working families. Community pressure also contributed to the state restoring $50 clothing vouchers for some 60,000 children.

Sentencing Laws
In Tucson, Arizona, AFSC and a statewide coalition promoted changes to U.S. draconian sentencing laws. “Get Smart on Crime” is the slogan for reducing jail terms for minor offenses and for diverting low-level, nonviolent offenders to community treatment programs that cost much less than imprisonment.
The AFSC Washington Office organized policy meetings for AFSC staff with Congressional offices, the State Department and colleague organizations. They work in Afghanistan, Jerusalem, Colombia, Iraq, and Southern Africa. Following a visit to Colombia, AFSC Clerk Paul Lacey and others spoke with congressional aides and the Congressional Research Service to share their insights. The Washington Office also worked with the Africa Initiative in the launch of the Life Over Debt campaign.

Special Programs

Board of Directors
For the year ending September 30, 2004

Chair
Paul Lacey

Vice Chairs
Philip Lord
John B. Munson
Susan Waltz

Recording Clerk
Joann Neuroth

Treasurer
James Fletcher

General Secretary
Mary Ellen McNish

2004 Panel
William Cousins
Petra Doan
Phil Lord
Jonah McDonald
Eva Miller
Howard Mills, Jr.
Joann Neuroth
Althea Sumpter
Joe Wray

2006 Panel
Taylor Brelsford
Aja Bryant
Martha F. Davis
Arlene Kelly
Leslie Leonard
Don McNemar
Sara Sue Pennell
Jeanette L. Raymond
Susan Swietzer
Cynthia Terrell
Rich Van Dellen
Susan Waltz

Ex officio
Tony Bing
Nina Dodge
James Fletcher
Lisa Gasstrom
Marguerite Helen
Mikel Johnson
Jane Krause
Paul Lacey,
Presiding Clerk
Joan LaFrance
Cheryl Morden
John Munson
Justine Nzega
Riley Robinson
John Siceloff
Lonnie Turnipseed
Minerva Velez-Glidden
Robert Walker
Katherine Youngmeister

2005 Panel
Carol Bartles
Kitty Barragato Bergel
Sally Harrison
Sarah Rose House
Todd Kummer
Chester McCoy
Julia Riseman
Ann Stromquist
Peter Woodrow

How Funds Are Used
$41,500,000

International Programs
27%
$11.1 million

Community Relations
26%
$10.9 million

Peace Education
21%
$8.7 million

Fundraising
13%
$5.4 million

General Management
7%
$2.8 million

Domestic Programs
6%
$2.6 million

Special Programs
6%
$2.6 million

 Sources of AFSC Income FY 04
$47,500,000

 Contributions
41%
$19.6 million

Gifts of Materials
1%
$0.7 million

Bequests
48%
$22.8 million

Investment Income
7%
$3.2 million

Other Income
3%
$1.2 million

AFSC is grateful to the many compassionate individuals and groups who make our worldwide programs for peace and justice possible.

Figures have been rounded to the nearest percent and the nearest $100,000.
## Condensed Statement of Financial Position

<table>
<thead>
<tr>
<th>ASSETS</th>
<th>2004</th>
<th>2003</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash &amp; Equivalents</td>
<td>$ 4.3</td>
<td>$ 4.3</td>
</tr>
<tr>
<td>Prepaid Expenses</td>
<td>9.8</td>
<td>11.3</td>
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<tr>
<td>Other Current Assets</td>
<td>2.1</td>
<td>1.3</td>
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<tr>
<td>Property</td>
<td>3.5</td>
<td>3.2</td>
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<tr>
<td>Investments</td>
<td>188.3</td>
<td>175.8</td>
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<tr>
<td><strong>Total Assets</strong></td>
<td><strong>$ 208.0</strong></td>
<td><strong>$ 195.9</strong></td>
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</tbody>
</table>

<table>
<thead>
<tr>
<th>LIABILITIES &amp; NET ASSETS</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Current Liabilities</td>
<td>$ 2.6</td>
<td>$ 3.2</td>
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<tr>
<td>Other Liabilities</td>
<td>10.4</td>
<td>9.4</td>
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<tr>
<td>Liabilities Accruing to Planned Gift Assets</td>
<td>22.8</td>
<td>24.3</td>
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<tr>
<td>Agency Funds</td>
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<tr>
<td><strong>Total Liabilities</strong></td>
<td><strong>$ 77.1</strong></td>
<td><strong>$ 79.7</strong></td>
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<table>
<thead>
<tr>
<th>Net Assets</th>
<th></th>
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</thead>
<tbody>
<tr>
<td>Unrestricted: Current Operations</td>
<td>$ 4.9</td>
<td>$ 6.5</td>
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<tr>
<td>Unrestricted: Designated</td>
<td>67.7</td>
<td>53.9</td>
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<tr>
<td><strong>Total Unrestricted</strong></td>
<td><strong>$ 72.6</strong></td>
<td><strong>$ 60.4</strong></td>
</tr>
</tbody>
</table>

| Temporarily Restricted    | $ 51.1 | $ 51.0 |
| Permanently Restricted    | 7.2    | 4.8   |

| **Total Net Assets**      | **$ 130.9** | **$ 116.2** |

| Total Liabilities & Net Assets | **$ 208.0** | **$ 195.9** |

## Condensed Statement of Activity

<table>
<thead>
<tr>
<th>OPERATING REVENUES</th>
<th>2004</th>
<th>2003</th>
</tr>
</thead>
<tbody>
<tr>
<td>Contributions</td>
<td>$ 19.6</td>
<td>$ 22.0</td>
</tr>
<tr>
<td>Bequest Income</td>
<td>22.8</td>
<td>12.6</td>
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<tr>
<td>Investment Income</td>
<td>3.2</td>
<td>3.1</td>
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<tr>
<td>Gifts in Kind</td>
<td>0.7</td>
<td>0.4</td>
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<tr>
<td>Other Income</td>
<td>1.2</td>
<td>1.5</td>
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<tr>
<td><strong>Total Revenues</strong></td>
<td><strong>$ 47.5</strong></td>
<td><strong>$ 39.6</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>OPERATING EXPENSES</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>International Programs</td>
<td>$ 11.1</td>
<td>$ 10.9</td>
</tr>
<tr>
<td>Domestic Programs</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Community Relations</td>
<td>10.9</td>
<td>10.6</td>
</tr>
<tr>
<td>Peace Education</td>
<td>8.7</td>
<td>8.1</td>
</tr>
<tr>
<td>Special Programs</td>
<td>2.6</td>
<td>2.7</td>
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<tr>
<td><strong>Total Program Services</strong></td>
<td><strong>$ 33.3</strong></td>
<td><strong>$ 32.3</strong></td>
</tr>
</tbody>
</table>

| Fundraising & Management   | $ 8.2 | $ 7.8 |

| **Total Expenses**         | **$ 41.5** | **$ 40.1** |

| Change in Net Assets from Operations | $ 6.0 | $ (0.5) |
| Other Changes in Net Assets       | 8.7   | 10.8  |

| **Total Changes in Net Assets** | **$ 14.7** | **$ 10.3** |

| Net Assets—Beginning of the Year | **$ 116.2** | **$ 105.9** |

| Net Assets—End of the Year      | **$ 130.9** | **$ 116.2** |