



Southern Poverty Law Center
2006 Annual Report

**A MESSAGE FROM
MORRIS DEES AND RICHARD COHEN**

THIRTY-FIVE YEARS AGO, the Southern Poverty Law Center opened its doors as a small nonprofit law firm dedicated to battling in the courts to protect the rights of the most vulnerable people in our society. At the time, we focused much of our attention on ensuring that the civil rights laws passed by Congress during that era produced enduring gains for African Americans who had suffered for decades under the oppression of Jim Crow laws in the South.

Today, thanks to the moral and financial support of hundreds of thousands of committed people who believe deeply in equality and the dignity of all, we have grown into a much larger and more potent force to fight hate, intolerance and discrimination in our country.

In 2006, we had a major impact in the courts and in the classrooms across the nation. We opened a new chapter in the struggle for civil rights by seeking justice for migrant workers – the “indentured servants” of the 21st century – who are being systematically cheated and abused by U.S. corporations. We investigated and tracked a record number of hate groups and exposed the influence of radical extremists in the national debate over immigration policies. Across the Deep South, we took pathbreaking action in the fields of education and juvenile justice to protect troubled, mostly impoverished children who are being caught up and ground down by uncaring bureaucratic forces. And we reached millions of schoolchildren with award-winning classroom kits that teach tolerance and understanding.

We also were gratified at the public response to our new Civil Rights Memorial Center, which serves as an interpretative center for the Civil Rights Memorial adjacent to our office in Montgomery, Ala. During 2006,

its first full year of operation, more than 20,000 people from across the country toured the facility that honors the martyrs of the modern-day civil rights movement.

Here are some of the highlights of our work in 2006:

- We fought big corporations in court to protect the rights of migrant workers, many of whom who are lured from foreign countries to work in our lowest-paying jobs – only to find they are routinely cheated out of wages, held captive by employers and subjected to an appalling array of other indignities. Because the Bush administration looked the other way, we sued major cleanup contractors that were lining their pockets with public money in post-Katrina New Orleans while ruthlessly cheating indigent workers out of their hard-earned pay.

- Our Intelligence Project exposed the infiltration of neo-Nazis, skinheads and other racist extremists into the ranks of the armed forces, many slipping through the cracks because of ambiguous recruiting standards and pressure to meet wartime manpower goals.

- We provided 400,000 teachers with our award-winning magazine, *Teaching Tolerance*, which helps them prepare lessons aimed at reducing prejudice and improving inter-group relations. And we published our newest teaching kit, an anthology of 12 multicultural stories and related lesson plans that already has been used by tens of thousands of educators.

- We documented a startling 40 percent growth in the number of hate groups since 2000. Now numbering 844, these groups have exploited the immigration debate to recruit new members and have successfully spread their rancid propaganda about immigrants of color into mainstream news and into the mouths of politicians.

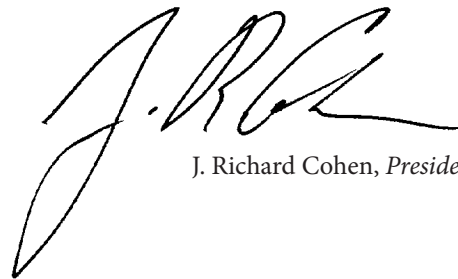
These are just a few of our many accomplishments in 2006. Please take time to read our entire annual report to see the many ways we are having a real impact on the lives of Americans who are victims of hate and discrimi-

nation. This important work is possible only because of the generosity of our members. We are deeply grateful for their support, and we pledge to honor their commitment by continuing to fight for justice in 2007 and beyond.

Very truly yours,

A handwritten signature in black ink that reads "Morris Dees". The signature is fluid and cursive, with the first letter 'M' being particularly large and stylized.

Morris Dees, *Chief Trial Counsel*

A handwritten signature in black ink that reads "J. Richard Cohen". The signature is highly stylized and cursive, with the first letter 'J' being very large and sweeping.

J. Richard Cohen, *President*

Fighting Hate

The SPLC's Intelligence Project monitors hate groups and extremist activity in all 50 states and provides comprehensive updates to law enforcement, government agencies, the media, scholars, policymakers and the general public through its magazine, *Intelligence Report*, two e-newsletters, on-site presentations and the SPLC website. In 2006, the project tracked more than 800 hate groups, documented the rapid rise of a right-wing anti-immigration movement, exposed racist extremists active in the military, and published a report detailing an alarming increase in skinhead criminal activity throughout the nation.

Hate groups on the rise

Energized by the rancorous national debate on immigration and increasingly successful at penetrating mainstream political discourse, hate groups in America continued to grow in 2006, rising 5 percent over the year before to 844. The increase translates into a 40 percent jump in the number of groups since 2000, when there were 602 groups operating in America. Much of the expansion has been driven by hate groups' exploitation of the issue of illegal immigration, which many Americans see as a pressing concern.

Last year's hate group growth came despite continuing disarray on the neo-Nazi scene, with various relatively weak groups vying for dominance; a series of embarrassments, including the arrest of two key leaders; the deaths of many stalwarts of the white supremacist old guard; signs of a splintering skinhead alliance;

and the absence of any single major group working to unify the others.

Documenting the breathtaking rise of right-wing anti-immigration movement

In 2006, the Intelligence Project documented the rapid growth of a right-wing anti-immigration movement made up of groups that are xenophobic but mostly fall just short of the open racial hatred espoused by hate groups. In just the past two years, some 250 new nativist organizations have sprung up, some of them armed and engaged in vigilante round-ups of unauthorized Latino immigrants. More and more of them have taken up the tactics of personal, in-your-face intimidation.

Most of these anti-immigration groups routinely denigrate unauthorized immigrants and also popularize conspiracy theories that originate in hate groups, such as an alleged Mexican plot to annex the American Southwest. As a result, it is no longer uncommon for these ideas and theories to make their way to radio, television or other mainstream media venues. Even members of Congress now bandy about unsubstantiated accusations of immigrant criminality, helping to whip up an atmosphere in which immigrants are seen as personally threatening.

At the same time, the raging national debate over immigration stoked the fires of racist extremism across the country. In 2006, the Project monitored the ratcheting up of neo-Nazi and other white supremacists' blood-thirsty "race war" rhetoric and saw an increase in violent hate crimes against Hispanics, regardless of their immigration status. In a report published last summer, the

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Project documented a series of alarming events:

- In July, two Klansmen savagely beat a teenage boy at a carnival in Kentucky. They targeted the 16-year-old, whose father is a Kuna Indian from Panama, because they thought he was Hispanic.

- The National Knights of the Ku Klux Klan held an anti-immigration rally in north Alabama that drew more than 300 Klansmen and Klan supporters, including members of the neo-Nazi hate group Aryan Nations.

- On April 29, a neo-Nazi in East Hampton, New York, was arrested for threatening two Hispanic teenagers with a machete and chainsaw, holding the blade to the throat of one while threatening to kill him.

- On April 22, a 17-year-old Hispanic high school football player was dragged from a suburban house party in Texas and savagely attacked by two white assailants, one of whom reportedly was a neo-Nazi skinhead. The two burned the teen's neck with cigarettes, stomped his head with steel-toed boots, slashed his chest with a knife, all while shouting racial slurs. They then stripped him naked and sodomized him with a patio umbrella pole. The victim was hospitalized for months and later committed suicide.

- In March, neo-Nazi radio host Hal Turner called for the mass murder of Hispanics and the assassination of U.S. senators who support guestworker programs.

Exposing racist extremists active in the military

In July, the Intelligence Project garnered national attention when it published a report exposing the infiltration of neo-Nazis, skinheads and other racist extremists into the ranks of the armed forces in large numbers, many slipping through the cracks because of ambiguous recruiting standards and pressure to meet wartime manpower goals. The report noted that when extremists are identified, they rarely face discharge.

A military investigator told the Project: "Recruiters are knowingly allowing neo-Nazis and white supremacists to join the armed forces, and commanders don't remove them from the military even after we positively identify them as extremists or gang members." He went on to say, "We've got Aryan Nations graffiti in Baghdad. That's a problem."

SPLC President Richard Cohen, in a letter citing past problems with extremists in the military, urged then-Defense Secretary Donald Rumsfeld to immediately investigate the problem and enforce a zero-tolerance policy. There was no response from Rumsfeld, but nearly three months later, an under secretary of defense wrote a letter denying there was a problem.

The report did spark outrage in Congress, where 40 members signed a letter to Rumsfeld demanding the Pentagon adopt the SPLC's recommendations to expel extremists. The signers represented 20 states and all regions of the country.

"Military extremists present an elevated threat both to their fellow service members and the public," U.S. Senator Richard Shelby, an Alabama Republican, wrote in a letter to Rumsfeld. "We witnessed with Timothy McVeigh that today's racist extremist may become tomorrow's domestic terrorist. Of all the institutions in our society, the U.S. military is the absolute last place extremists can be permitted to exist."

Reporting dangerous shifts in racist skinhead movement

The Intelligence Project also reported in 2006 that the number of racist skinhead gangs had more than tripled since 2002, leading to a rise in skinhead activity across the country and threatening a renewed era of violence not witnessed since racist skinheads unleashed a wave of bloodshed in the 1980s.

The report, "Motley Crews," described how the skinhead subculture in the United States "has entered a free-for-all phase, with new and unaffiliated local, state and regional crews proliferating rapidly." It documented how, at the beginning of 2002, there were only 18 skinhead gangs, or "crews," in the U.S., most of them under the control of Hammerskin Nation, a coalition of regional groups that dominated the skinhead subculture in the U.S. for more than a decade. Now, according to the new report, there are 59 active crews, only six of which are loyal to Hammerskin Nation.

Although Hammerskin Nation skinheads have been responsible for serious crimes and violence, the group, which at its height had thousands of members in the United States and Europe, acted as a stabilizing force.

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Now, with challenges to Hammerskin Nation's power proliferating, many small skinhead crews will likely seek to boost their own notoriety through violence.

Project's expertise in demand

In 2006, the Intelligence Project dramatically increased the level of training it offers to law enforcement personnel. Its staffers traveled extensively to share their expertise on hate groups, hate crimes and domestic terrorism with local, state and federal government

agencies, including the Department of Justice and the FBI, and the Canadian government. The staff includes four federally certified trainers, and a fifth is in training to become certified. The Project sent representatives to most major law enforcement conferences, something it did in the past only by invitation, and as a result, requests for training on hate group and bias crimes are increasing. The presence at these conferences, coupled with increased advertising last year, rapidly built up law enforcement subscribers to the *Intelligence Report*.

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Promoting Tolerance

The SPLC's Teaching Tolerance program aims to reduce prejudice among our country's youth and improve inter-group relations in our schools. It is among the nation's leading providers of anti-bias resources, and its magazine, *Teaching Tolerance*, reaches more than 400,000 educators twice each year. In 2006, Teaching Tolerance broadened the impact of its national Mix It Up at Lunch Day by introducing a new series of classroom activity packs. The program also released its first-ever storybook curriculum kit, *Rhinos and Raspberries: Tolerance Tales for the Early Grades*, to widespread acclaim. And the Association of Educational Publishers recognized the high quality of Teaching Tolerance products by awarding the program an unprecedented nine awards at its annual banquet in June.

Expanding impact of Mix It Up at Lunch Day

Mix It Up at Lunch Day is the SPLC's nationwide program that asks students, for at least one day, to meet someone outside their usual social circle. On the fifth annual Mix It Up at Lunch Day on November 15, participation rose dramatically. Across the nation, millions of students at more than 15,000 schools took part. "It's important to get groups to mingle," said a 9th grader from Oregon. "In the real world, you have to mingle whether you want to or not."

In the spring, Teaching Tolerance unveiled a new series of classroom activity packs, offered online and free to schools, that help students explore in more depth the issues raised during the annual Mix It Up at

Lunch Day. The dialogue-based activities encourage students to think critically about how stereotypes, put-downs and social boundaries affect everyday life. The kits are offered in three age-appropriate levels — one for early grades, one for middle, and one for upper — and are rooted in best practices and cooperative learning methods.

The new activity packs marked an important expansion of the Mix It Up program. "Since the inception of Mix It Up, we've been concerned with how to keep students involved and move them beyond the Mix It Up at Lunch Day," said Tafeni English, Mix It Up director. "These activity packs, and the dialogues they encourage, are vitally important."

By the end of the spring campaign, the activity packs had been downloaded by more than 5,500 visitors to the Mix It Up website, www.mixitup.org.

New teaching kit aids literacy and tolerance

In October, Teaching Tolerance published its newest curriculum kit, *Rhinos and Raspberries: Tolerance Tales for the Early Grades*. The kit includes a hardcover book for teachers that offers 12 multicultural stories and 10 lesson plans and softcover readers for students. It has been received with widespread acclaim.

Rhinos and Raspberries is a story anthology for pre-schoolers and elementary school students. Designed to complement character education programs, the book includes bridge-building activities to reduce prejudice and improve inter-group relations. Its unusual title is drawn from two stories in the anthology — "The

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Prince and the Rhinoceros,” a South Asian tale about the importance of speaking kindly, and “Raspberries!,” a story about cooperation among a group of animals with differing abilities.

Tens of thousands of educators have already put the kit to use in their classrooms and are spreading the word about its availability. One Idaho teacher wrote: “Wow! Just when I think your materials for teachers can’t get any better, you prove me wrong! The *Rhinos and Raspberries* program is outstanding — wonderful stories and excellent suggestions for classroom use.” A 3rd grade teacher in New York said the stories “are a wonderful way to teach kindness and respect for others. The lessons learned will extend far beyond the classroom!”

The enthusiasm from those teachers is reflected in teacher feedback. Returns from the kit’s evaluation forms show that *Rhinos* is increasing students’ appreciation for differences, improving their interpersonal skills, and heightening their reading and comprehension skills. Nearly 90 percent of educators reported that the kit is better than other character education products they use, and half say it is superior to other literacy materials.

Anti-bias guidebook inspires entire college

Teaching Tolerance resources are in widespread use in classrooms across the country. But its anti-bias handbook, *Speak Up!: Responding to Everyday Bigotry* garnered a first in 2006. It was chosen as Century College’s first campus-wide book project, distributed to each incoming freshman as well as to all the school’s faculty, administration and staff. A total of 6,000 of the free guides were put to use there.

Tracey Wyman, who headed the book project at the Minnesota community college, has long used Teaching Tolerance materials in her classroom. “When I saw *Speak Up!*, I went crazy,” she said. “I had been looking for something like *Speak Up!* through every network, something that the average person could read and understand. When I saw it, I knew it was exactly what I could use with everyone on campus.”

Wyman presented the guidebook to school administrators and they were equally enthusiastic. “Everyone

from maintenance workers to faculty staff read the book and began having conversations about what it means to them,” she said. Discussion questions derived from *Speak Up!*’s content were used in a variety of campus classes, from Reading to Radiography.

“Reaction was incredibly positive,” Wyman said. “It certainly contributed to improving the climate here. We’d see students in the hallway with their *Speak Up!* book, reading it on their own. People have been so excited about it.”

Teaching Tolerance grants have impact

Teaching Tolerance’s grants program provides financial support for exemplary, replicable tolerance projects in schools across the nation. Its funding criteria ask that the project employ best practices around prejudice reduction and inter-group relations. Since its inception in 1997, the grants program has awarded more than \$1 million to more than a thousand educators to support their efforts in promoting tolerance and acceptance in the classroom. The best of these — like an interactive technology project that helped New York students from two schools learn about immigration, disabilities and, ultimately, each other — are highlighted in *Teaching Tolerance* magazine and on the program’s website, www.teachingtolerance.org. In 2006, Teaching Tolerance funded 159 grants totaling \$221,000.

Tolerance work wins honors

The SPLC’s achievements in promoting tolerance and respect in the classroom and beyond were recognized last year when the Association of Educational Publishers (AEP) awarded the SPLC an unprecedented nine Distinguished Achievement Awards at its annual banquet in Washington, D.C.

Teaching Tolerance magazine was named periodical of the year as well as most improved periodical, based on a redesign. Teaching Tolerance, along with the SPLC’s design and web departments, earned 18 nominations in 2006, including one for the Golden Lamp, AEP’s highest honor. *Teaching Tolerance* won that award in 1995.

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The SPLC's teaching kit *Mighty Times: The Children's March*, which recounts the nonviolent uprising of Birmingham's youth to challenge segregation, was named the best comprehensive curriculum package. The kit includes a teacher's guide and a classroom version of the Academy Award-winning documentary film bearing the kit's title.

Speak Up! won two awards. The 88-page publication

was named best instructional booklet overall and also honored in a design category. The SPLC's design team also won three other awards based on *Teaching Tolerance* illustrations and design. The magazine also won an editorial award.

The AEP awards are the highest honors in educational journalism.

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Seeking Justice

SPLC attorneys handle innovative cases that few lawyers are willing to take. They fight all forms of discrimination and work to protect society's most vulnerable members. In 2006, the SPLC's legal staff remained in the vanguard of efforts to defend victims of injustice, increasing its commitment to juvenile justice and education reform while vigorously protecting the rights of exploited immigrants. The SPLC's Immigrant Justice Project team mounted a highly successful campaign against abusive employers in New Orleans; its Mississippi office won the passage of another major piece of juvenile justice legislation; and its education team replicated its groundbreaking work in one Louisiana parish in other areas of Louisiana. While the work was concentrated in the South, its efforts are beginning to have a national impact.

Protecting migrant workers from abuse

The SPLC's Immigrant Justice Project (IJP) is at the forefront of one of the most important civil rights issues today — the widespread exploitation and abuse of immigrants, particularly those of color, in the U.S. Its work fills a huge gap in our country's justice system: Although migrant workers are the most marginalized and exploited labor force in the U.S., most have no access to lawyers to protect them from the widespread abuse inflicted by employers, particularly in the Deep South. The IJP's focus is on abuses in nine Southern states with a goal of having a nationwide impact.

In 2006, the IJP had tremendous success. It filed and successfully settled several class action lawsuits

that will benefit thousands of low-wage workers, built a communications component into its work that is getting the SPLC's voice heard on a national level, and is fast becoming one of the leading expert organizations on immigrant rights in the nation.

After Hurricane Katrina hit New Orleans, IJP staffers mobilized to address a major post-Katrina issue that was being ignored — the extreme exploitation of migrant laborers who are doing much of the clean-up and reconstruction. The IJP initially filed two lawsuits against major reconstruction contractors and their subcontractors and settled one of them, against Belfor USA Group Inc., in September. It was the first resolution of a lawsuit on behalf of post-Katrina reconstruction workers on the Gulf Coast. The settlement, significant because a major contractor has been held accountable for the unlawful behavior of its subcontractors, initially provides \$223,000 for 168 workers — and much more for additional workers who later opt in.

In August, the IJP sued a hotel chain that brought in guestworkers for jobs previously held by displaced New Orleanians, primarily African-Americans, in the recovering hotel industry. The employer required the workers to pay up to \$5,000 for the jobs and then dramatically underpaid them, driving down wages for all workers in the city.

The IJP's New Orleans cases and the release of its report, *Broken Levees, Broken Promises*, received widespread national publicity. IJP lawyers also briefed congressional staffers about Katrina worker abuses and the failure of the U.S. Department of Labor to address the problem.

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The IJP's campaign to end abuse in the forestry industry, begun in 2005, had a significant impact in 2006. The industry was targeted because it is one of the largest in the South, the violations of federal wage-and-hour laws are egregious, and victories in this high-profile industry can reverberate nationally and across industries. In a major victory in these efforts, two companies agreed to settle lawsuits filed by the SPLC. An Idaho-based forestry company doing business across the South will pay substantial damages and enact far-reaching reforms to bring its labor practices into compliance with the law. An Arkansas-based company agreed to a similar settlement.

The litigation, along with a congressional staff briefing and the publication of the IJP's *Beneath the Pines* report, established the SPLC as the national expert on forestry workers and provided a national platform to speak out against immigrant worker abuses.

On related fronts, the IJP filed suit against the corporate giant Del Monte in a case that attacks the new and disturbing tactic of corporate growers trying to use grossly under-capitalized middlemen to shield themselves from liability for the mistreatment of workers. The IJP also launched its new Esperanza project, building a national network of advocates and lawyers to fight against gender discrimination and sexual harassment of low-wage immigrant women. While the IJP has not yet focused on health and safety issues, its complaint to the U.S. Occupational Safety and Health Administration prompted an OSHA fine of almost \$150,000 for serious safety violations at an Alabama poultry processing plant that employs hundreds of immigrant workers. The IJP also played a significant role in the defeat of an unconstitutional ordinance in Florida that would have punished undocumented immigrants and the landlords who rent to them.

Protecting the rights of children

The SPLC has a longstanding commitment to protecting the rights of society's most vulnerable population — impoverished children. For the past several years, its legal staff has focused its work on children with

educational disabilities and those caught up in juvenile justice systems. Most are poor, African-American or Latino, and suffer from emotional and mental health problems. Inadequate special education programs and overly punitive school discipline policies literally push children out of schools and into the criminal justice system, contributing to the nation's terribly high drop-out rate and feeding the adult prison population. Incarcerating children brutalizes them, tears apart their families, wastes millions of taxpayer dollars, and does little, if anything, to reduce crime.

The SPLC is currently involved in juvenile justice work in seven states throughout the South, the poorest region in the nation, and has education projects in two of those states — Louisiana and Mississippi. All of its work is aimed at getting at-risk children the help they need to stay in school, stay out of jail and become healthy, productive adults. While the SPLC's focus is the South, its goal is to have national impact.

Building a model in Louisiana

Recognizing the close connection between the inadequacies of Louisiana's special education system and its high juvenile incarceration rate, the SPLC launched a special education initiative there two years ago. In 2005, the SPLC entered into a precedent-setting settlement agreement with the Louisiana Department of Education over the Jefferson Parish school district's failure to provide an adequate education to more than 1,000 emotionally disturbed children — those most likely to fall victim to the schoolhouse-to-jailhouse pipeline and end up in the criminal justice system. The settlement requires major systemic reform, such as improved educational services, mental health counseling and reform of disciplinary practices. In 2006, the SPLC replicated its work in East Baton Rouge Parish and laid the groundwork for a similar action in Caddo Parish. Its ultimate goal is statewide reform, establishing a model for the nation.

Continuing success in Mississippi

Over the past three years, the SPLC has achieved major systemic reforms in Mississippi's juvenile justice system

SEEKING JUSTICE

by combining litigation, an intensive lobbying effort, media attention and community mobilization. Following the passage in 2005 of the Juvenile Justice Reform Act, the SPLC gained another major victory in 2006 — passage of the Mississippi Juvenile Delinquency Prevention Act. The Act provides significant funds for community-based programs that reduce training school and detention center placements and makes Mississippi one of the only states in the country to codify detention center standards, require training for juvenile public defenders and require transitional planning for youths leaving juvenile facilities. The SPLC also won passage of a new law that expands the mission of the office of indigent appeals to include the representation of juveniles.

The legislative victories in Mississippi have created the framework for a model juvenile justice system and are being recognized and touted by groups like the Center for Policy Alternatives, a national organization providing technical assistance to progressive legislators, and the National Conference of State Legislators.

The SPLC's newest Mississippi juvenile justice project is part of a national campaign to reduce the number of children tried and convicted as adults. As in previous initiatives, SPLC staffers use a multifaceted approach, combining strategic litigation, a media campaign, community

education, the training of criminal defense lawyers and a legislative reform package.

The SPLC is also replicating its Louisiana special education work in Mississippi, focusing first on Holmes County, and it continues to monitor the state's compliance with a statewide special education lawsuit that focuses on racial disparity in the identification of children as educationally disabled and their segregation into separate classrooms.

The SPLC also operates the Southern Juvenile Defender Center, a seven-state project aimed at improving the quality of indigent defense for children in criminal proceedings. The project is central to the SPLC's systemic reform efforts, both regionally and nationally.

Securing justice for victims of hate

Lawsuits against hate groups have been critically important to the SPLC's goal of fighting hate. In 2006, it continued to prepare for an April 2007 trial in the lawsuit filed in 2005 on behalf of Billy Ray Johnson, a black man with mental disabilities who was beaten and left for dead by four white men in Texas. An SPLC investigation into the July beating of a 16-year-old Latino boy by members of the Imperial Klans of America at a Kentucky county fair is laying the groundwork for another new lawsuit.

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CHARITABLE STATUS & MANAGEMENT

The Southern Poverty Law Center was incorporated in 1971 and is tax-exempt under Section 501(c)(3) of the Internal Revenue Code. The SPLC tax identification number is 63-0598743. All contributions, grants and bequests to the Southern Poverty Law Center are tax deductible.

The SPLC's work is supported primarily through donor contributions. No government funds are received or used for its efforts.

During its last fiscal year, the SPLC spent approximately 69% of its total expenses on program services. At the end of the fiscal year, the SPLC's endowment — a special, board-designated fund to support future work — stood at \$175.3 million. The SPLC is proud of the stewardship of its resources.

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OPERATING FUND

ASSETS	
Cash and cash equivalents	\$1,605,931
Contributions receivable	2,973,826
Other receivables	660,024
Inventory	1,044,265
Prepaid expenses	924,487
Investments of gift annuity program	7,922,398
Investments of pooled income fund	198,036
Other investments	770,970
Land, buildings and equipment, at cost less accumulated depreciation	<u>21,588,820</u>
Total operating fund assets	<u>\$37,688,757</u>
LIABILITIES AND NET ASSETS	
Accounts payable	\$403,954
Accrued liabilities	578,220
Long term debt	15,000,000
Gift annuity liability	4,521,681
Pooled income fund liability	<u>89,207</u>
Total operating fund liabilities	<u>20,593,062</u>
Unrestricted net assets - operating fund	15,873,487
Temporarily restricted net assets - operating fund	<u>1,222,208</u>
Total net assets - operating fund	<u>17,095,695</u>
TOTAL OPERATING FUND LIABILITIES & NET ASSETS	<u>\$37,688,757</u>

A copy of the SPLC's audited financial statement is available upon request.

ENDOWMENT FUND

The SPLC builds for the future by setting aside a certain amount of its income for an endowment, a practice begun in 1974 to plan for the day when nonprofits like the SPLC can no longer afford to solicit support through the mail because of rising postage and printing costs.

ASSETS	
Equity Investments	\$111,859,352
Fixed Income Investments	\$46,410,577
Other Investments	<u>\$17,000,000</u>
TOTAL ENDOWMENT FUND ASSETS	<u><u>\$175,269,929</u></u>

STATEMENT OF ACTIVITIES

CHANGES IN UNRESTRICTED NET ASSETS FROM OPERATING FUND

Operating support and revenue	
Contributions	\$29,252,084
Grants	1,499,526
Investment income (excluding endowment)	1,034,874
Rental income	292,072
Sale of educational materials	182,111
Other	<u>(1,386)</u>
Total operating fund support and revenue	<u>32,262,053</u>
Operating fund expenses	
Program services	
Legal services	5,797,225
Public education	<u>16,392,870</u>
Total program services	<u>22,190,095</u>
Supporting services	
Management and general	4,554,795
Development	<u>5,604,761</u>
Total supporting services	<u>10,159,556</u>
Total operating fund expenses	<u>32,349,651</u>
Change in unrestricted net assets from operating fund	<u>(87,598)</u>

CHANGES IN TEMPORARILY RESTRICTED NET ASSETS FROM OPERATING FUND

Operating support and revenue	
Contributions	1,113,380
Pooled Income Fund Contributions	<u>12,933</u>
Changes in temporarily restricted net assets from operating fund	1,126,313

CHANGES IN NET ASSETS FROM OPERATING FUND 1,038,715

NET ASSETS AT BEGINNING OF YEAR 16,056,980

NET ASSETS AT END OF YEAR \$17,095,695

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