



2012 Annual Report

A MESSAGE FROM
MORRIS DEES AND RICHARD COHEN

THE SOUTHERN POVERTY LAW CENTER **STOOD AT** the forefront of many of the nation's most pressing social justice issues in 2012. It was a year in which the nation's growing diversity — and the backlash against it — underscored the vital nature of our work.

Over the past year, we confronted the forces of hate and exposed the activities of the radical right to law enforcement, the media and the public. We fought for the rights of exploited workers, immigrants, vulnerable children and the LGBT community. And we provided lessons of tolerance and respect to millions of schoolchildren across the country. Our work took us into courtrooms, classrooms and the halls of government across America as we stood up for those who have no other champions.

Here are some of the major highlights of our work in 2012:

- Our case against the Klansmen responsible for the savage beating of a Latino teen concluded with a victory when the Kentucky Supreme Court refused to reconsider the \$2.5 million verdict we won against the former leader of the Imperial Klans of America (IKA) and one of his chief lieutenants. The IKA, based at a compound in Dawson Springs, Ky., once was a sprawling network of violent racists with chapters in 25 states. Today, because of our lawsuit, the IKA no longer exists.
- Our campaign to stop rampant anti-LGBT bullying and violence in schools achieved a major milestone when we reached a settlement agreement requiring Minnesota's largest school district — ground zero in our nationwide fight against bullying — to adopt a wide-ranging plan to protect students from such abuse. We brought the suit after at least four LGBT students in the Anoka-Hennepin School District died by suicide over a two-year period. And we shared the lessons we learned with schools nationwide.
- We fought for the rights of immigrant workers, winning court judgments totaling \$16 million for exploited guestworkers in two major cases. We won the largest court award to date on behalf of guestworkers when a federal court ordered a Georgia forestry company to pay \$11.8 million to 4,000 guestworkers who were cheated out of wages. A jury also ordered a labor recruiting firm and its owner to pay \$4.5 million to 350 Filipino teachers we represented after they were lured to teach in Louisiana public schools and forced into exploitive contracts.
- We alerted law enforcement and the nation to the threat posed by hate groups, armed militias and other factions of the radical right. We documented another year of growth in the antigovernment "Patriot" movement. The number of these far-right extremist groups — which include

militias — grew from 1,274 in 2011 to 1,360 in 2012, capping an 813 percent rise since President Obama was elected.

- We stood up for vulnerable children in public schools, detention centers and mental health facilities throughout the South. In one major case, we reached a groundbreaking settlement to ensure that children and teens incarcerated in Mississippi will no longer be housed with adults in a for-profit prison where they were subjected to rampant brutality and sexual abuse and were not provided adequate medical, mental health and educational resources.
- Breaking new ground in the battle to protect the rights of the LGBT community, we filed a first-of-its-kind lawsuit accusing a New Jersey organization of consumer fraud for offering conversion therapy services, a discredited practice that claims to “convert” people from homosexuality to heterosexuality. We also filed a lawsuit challenging the federal Defense of Marriage Act on behalf of an Army veteran and her partner who were denied disability benefits routinely awarded to heterosexual couples.
- As part of our campaign to improve understanding of the civil rights movement, we provided states with a set of guidelines for teaching students about this pivotal period of U.S. history. We

produced the guidelines after revealing in a 2011 study that more than half of all states were failing to teach the civil rights movement.

- We fought harsh state anti-immigrant laws that result in racial profiling. With our allies, we persuaded a federal appeals court to block key provisions of laws enacted in Alabama and Georgia — an SPLC victory that sent a strong message to other states. We also played a key role in blocking the passage of anti-immigrant legislation in Mississippi.
- Our Mix It Up at Lunch Day event helped teach thousands of students across the country lessons about respecting others of different backgrounds. The event was a success despite a dishonest attack by far-right extremists who claimed the anti-bias program was a “nationwide push to promote the homosexual lifestyle in public schools.”

These are just a few of our important accomplishments in 2012. Please take a few moments to read our annual report and see the many ways we are combating hate and injustice. These accomplishments have been possible only because of the generosity of people who share our commitment to justice and tolerance. We’re deeply grateful for their support, and we promise to honor their commitment by continuing to fight for justice in 2013 and beyond.

Very truly yours,



Morris Dees, *Chief Trial Counsel*



J. Richard Cohen, *President*

Fighting Hate

The 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 quarterly investigative journal *Intelligence Report*, an e-newsletter, onsite presentations, the SPLC website and a blog.

In 2012, the Project documented another year of growth in the antigovernment “Patriot” movement. The number of these conspiracy-minded groups grew from 1,274 in 2011 to 1,360 in 2012 — continuing a dramatic expansion that began in 2008 as the nation’s economy faltered, its demographics visibly shifted and its first African-American president was elected.

The SPLC’s case against a notorious Klan leader also concluded in 2012 after the Kentucky Supreme Court refused to reconsider the \$1.3 million verdict against him. The Intelligence Project provided investigative support for the case. The Project also was the first to publicly identify the gunman responsible for a deadly rampage at a Sikh temple in Wisconsin as a neo-Nazi skinhead and hate rock musician.

Throughout the year, the Project provided training to thousands of law enforcement officers. It also released a new training video about the racist skinhead threat shortly before the Wisconsin massacre. And it continued to monitor extremist attempts to spread demonizing propaganda and conspiracy theories into the mainstream political and media spheres.

Klan case ends in victory

The SPLC’s case against the Klansmen responsible for the savage beating of a Latino teen concluded with a final victory in March when the Kentucky Supreme

Court refused to reconsider the verdict against the former leader of the Imperial Klans of America (IKA). The Intelligence Project provided key investigative support to the lawsuit, which was filed in 2007 on behalf of the teen, Jordan Gruver.

Ron Edwards, the former IKA leader, had appealed his \$1.3 million share of a \$2.5 million verdict awarded to Gruver after a trial in November 2008. As “imperial wizard” of the IKA, Edwards once sat atop a sprawling Klan organization. Based at a rural 15-acre compound in Dawson Springs, Ky., the IKA once had chapters in 25 states. Today, because of the SPLC’s lawsuit, the IKA no longer exists.

Antigovernment ‘Patriot’ numbers continue surge

The Project found the antigovernment “Patriot” movement continued to grow during 2012. Patriot groups — conspiracy-minded organizations that see the federal government as their primary enemy — rose from 1,274 in 2011 to 1,360 in 2012. These groups have increased by 813 percent since President Obama took office. The current number is more than 500 groups higher than the previous all-time high set in 1996, when the first wave of the militia movement — a faction of the Patriot movement — peaked.

This growth has been fueled by the nation’s changing demographics, symbolized by the election of President Obama and dramatically underscored by his re-election by a diverse coalition of voters. Economic dislocation and a proliferation of demonizing conspiracy theories also helped fuel the growth.

The number of hate groups active in the United States dipped slightly to 1,007, down from 1,018 in 2011. This small decrease snaps a trend of significant growth that is more than a decade old. The most

encouraging development within the radical right in 2012 was the withering of “nativist extremist” groups — organizations that go beyond normal political activism to harass individuals they suspect of being undocumented immigrants. Only 38 such groups were documented in 2012, down from 185 groups in 2011 and far below the movement’s high of 319 groups in 2010.

Deadly violence and in-fighting within the movement contributed to this decline. The movement also has waned as harsh, state anti-immigrant laws popular with nativist extremists were passed by state legislatures but largely fell apart under the scrutiny of the courts. Finally, the dismal support the Republican Party received from Latinos in the November elections has lawmakers reconsidering the wisdom of supporting harsh anti-immigrant positions favored by nativist groups.

SPLC identifies gunman’s extremist history

A neo-Nazi’s murderous rampage at a Sikh temple in Oak Creek, Wis., in August thrust the Intelligence Project into the national spotlight and reinforced its warnings about the rising threat of domestic terrorism from far-right extremists.

Because of its expertise in tracking hate groups and its extensive database, the Project was the first organization to publicly identify the shooter, Wade Michael Page, as a neo-Nazi skinhead and a longtime hate rock musician who had performed with at least two bands notorious for their racist and anti-Semitic lyrics. The Project had been tracking his activities for a decade. It also confirmed that Page, 40, was a member of the Hammerskin Nation, a particularly violent skinhead faction and one of the many active hate groups being monitored by the Project.

In the aftermath of the attack — which left six worshippers dead and a police officer critically wounded before Page killed himself — the Project responded to hundreds of inquiries about the threat of extremism from the media, the public and law enforcement agencies.

It also submitted testimony to a subsequent Senate hearing on extremism. The testimony, submitted in September, urged the federal government to place a high priority on fighting domestic extremism, particularly as the nation’s economic woes and changing demographics are likely to continue fueling extremism.

Video examines racist skinhead threat

Prior to the tragedy in Wisconsin, the Intelligence Project released a training video that gives law enforcement officers a rare, behind-the-scenes look at the violent subculture of racist skinheads. The 12-minute video, designed to be shown to officers during roll call, was distributed in a special law enforcement edition of the *Intelligence Report*, released in May. At least 50,000 officers received “Understanding the Threat: Racist Skinheads” free of charge along with their copy of the quarterly investigative journal.

After the August shooting, a number of agencies told the SPLC they would be urging their officers to watch the video as soon as possible. More than 80,000 officers received the previous Intelligence Project training video, which focused on the antigovernment “sovereign citizens” movement. Another training video is planned for 2013.

Stopping the mainstreaming of hate

In September, the SPLC and a coalition of human rights groups urged public officials not to attend the Values Voter Summit in Washington, D.C., because its host, the Family Research Council, has spread demonizing lies about the LGBT community, and because one of its co-sponsors, the American Family Association, has falsely linked homosexuality to the Holocaust. Both groups have been designated as hate groups for their constant demonization of the LGBT community.

After the coalition sent the letters urging speakers to forego the event, Ann Romney and conservative commentator Dinesh D’Souza disappeared from the list of speakers. American Family Association spokesman Bryan Fischer — the group’s most extreme staffer

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— was not allowed to speak at the event and complained publicly of outside pressure on the event's speakers.

Task Force on Hate in the Public Sphere

The SPLC Task Force on Hate in the Public Sphere also examined the mainstreaming of extremist propaganda during the 2012 election cycle. In October, it published profiles of 15 political candidates linked to hate groups or who promote extremist propaganda. The list included Democrats, Republicans, independents and members of extremist political parties. Their baseless claims typically included demonizing propaganda about certain minority groups, or conspiracy theories that have the same demonizing subtext.

Project's expertise in demand

The Intelligence Project also provides face-to-face training sessions to law enforcement officers to ensure

they not only understand hate-related issues but are equipped with the latest intelligence on the radical right. In 2012, the Project reached about 6,000 officers. Its staffers traveled extensively to share their expertise on hate groups, hate crimes and domestic terrorism with local, state and federal government agencies. There is high demand for the SPLC's law enforcement training, which consistently earns excellent reviews.

'Hatewatch' connects supporters with latest news

The Intelligence Project's Hatewatch blog remains a vital tool with a considerable impact on developing events. It provides a venue for releasing breaking news and bringing more people into contact with the Intelligence Project's investigative work. Hatewatch also has allowed the SPLC's audience to comment on the matters the organization examines and discuss those issues.

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Teaching Tolerance

The Teaching Tolerance project aims to reduce prejudice among 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 approximately 450,000 educators twice each year.

In 2012, Teaching Tolerance's Mix It Up at Lunch Day helped teach thousands of students across the country about the importance of stepping outside their cliques and meeting someone new. The event was a success despite a strange attack on the anti-bias program by religious extremists. Teaching Tolerance also provided states with a blueprint for improving the teaching of civil rights history. And it trained educators and offered resources to help ensure the nation's schools are welcoming places for all students.

Teaching Tolerance was honored for its work by the National Association for Multicultural Education — receiving the Agency/Institution Award, which recognizes multicultural education agencies and institutions from across the nation. It is the second time Teaching Tolerance has received the award. The project also was recognized by The Desmond Tutu Peace Foundation.

Guidelines help states teach civil rights history

After revealing in a 2011 study that more than half of all states fail at teaching the most important aspects of the civil rights movement to students, Teaching Tolerance released a set of guidelines in 2012 to help states improve the teaching of this pivotal period of U.S. history.

Teaching the Movement: The State Standards We Deserve contains model teaching standards designed to help ensure that students will be taught a body of knowledge reflecting what historians and educators

consider core information about the civil rights movement. The guidelines use the teaching standards for Alabama, Florida and New York as a starting point. These states received the highest scores in the earlier Teaching Tolerance study, *Teaching the Movement: The State of Civil Rights Education 2011*.

Mix It Up succeeds despite extremist attack

Mix It Up at Lunch Day is a nationwide program that asks students, for at least one day, to meet someone outside their usual social circle. For a decade, thousands of schools across America participated in Teaching Tolerance's Mix It Up at Lunch Day program each year without the slightest hint of controversy. In 2012, however, religious extremists mounted a bizarre campaign against the popular anti-bias program, calling the Oct. 30 event a "nationwide push to promote the homosexual lifestyle in public schools."

But despite the American Family Association's (AFA) attack — in which the group urged its 2 million online supporters to keep their children home from school and to demand that their local schools drop out of the program — nearly 3,000 schools registered for Mix It Up, and an estimated 5,000 actually participated.

Some schools, about 200, did drop out of Mix It Up. Some of those cited the AFA's unfounded criticism as the reason. But most schools ignored it, and many signed up in the days leading up to the event, which only seeks to break down the barriers between students so there are fewer misunderstandings that can lead to conflicts, bullying and harassment. As in previous years, Teaching Tolerance provided resources for teachers to organize a successful event and promote the crossing of social borders all year long.

While the AFA's campaign failed, it succeeded in

calling national media attention to Teaching Tolerance and its efforts to foster respect among students. The AFA, which the SPLC designated as a hate group in 2010 because it spreads false, demonizing propaganda about LGBT people, ended up looking foolish. This is a group whose chief spokesman, Bryan Fischer, has said that “[h]omosexuality gave us Adolph Hitler, and homosexuals in the military gave us the Brown Shirts, the Nazi war machine and six million dead Jews.” He also has said that black people “rut like rabbits.”

The New York Times wrote about the controversy, which sparked a series of articles, blogs and editorial cartoons about the AFA’s campaign. Even Stephen Colbert got into the act by lampooning the group on his late-night comedy show, *The Colbert Report*. “Don’t fall for it kids,” Colbert said in mocking agreement with the AFA campaign. “It’s a devious plot. Get kids to learn that despite our outward differences, in our hearts we’re all pretty much the same? That leads to open-mindedness.”

Handbooks help schools combat bigotry

In response to requests from educators across the country, Teaching Tolerance released two guides in 2012 to help school officials create safe, welcoming schools. The guides — *Responding to Hate and Bias at School* and *Speak Up at School* — are available to educators across the country, at no charge.

Responding to Hate and Bias at School shows educators how to respond to a hate-related incident in their school or community, guiding them through crisis management and post-crisis efforts. It also provides research-based strategies for reducing bullying and creating a welcoming school climate.

Speak Up at School provides guidance for individuals throughout school. It offers advice for responding to slurs, racist jokes or disrespectful remarks that can be heard anywhere in school, and from anyone. It also provides advice from teachers about situations they’ve faced and what worked for them.

Creating safer schools

Teaching Tolerance held training sessions in 2012 to help New York educators comply with a new state law requiring public schools to take specific steps to protect students from harassment and discrimination. Educators from school districts across New York state attended the training session designed to help them meet the requirements of the Dignity for All Students Act (DASA).

The law establishes safeguards and procedures that public schools must take to protect all students from harassment and discrimination. Schools across the state adopted codes of conduct and implemented new training programs to comply with the law when school started in September.

Magazine, website provide resources, insight

Teaching Tolerance magazine continued its two-decade tradition of offering educators the tools and insight necessary to address timely issues affecting their schools. The Spring 2012 issue explored how educators can help their students avoid or escape unhealthy dating relationships. With almost one-third of teen dating relationships involving abuse, it is imperative that students be able to recognize the signs and that educators be prepared to address the issue.

The Fall 2012 issue celebrated the upcoming golden anniversaries of pivotal moments in the civil rights movement and provided insights to help teachers delve into the complexities of the movement and explore the lesser-known characters who shaped it. The issue encourages teachers to develop lesson plans that go beyond the traditional themes.

Teaching Tolerance’s website, Tolerance.org, offered educators tips and tools to help them apply what they read in the magazine in their own classrooms in 2012. The site offered weekly lessons about tolerance and diversity tied to school standards and curriculum. It also served as a venue where educators can discuss current events and share tips on turning them into teachable moments for students.

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Seeking Justice

Southern Poverty Law Center attorneys fight to protect society's most vulnerable members, handling important civil rights cases that few lawyers are willing to take. The SPLC has remained in the vanguard of efforts to defend victims of injustice, continuing its commitment to juvenile justice and education reform while vigorously protecting the rights of exploited immigrants. The SPLC maintains a presence with juvenile justice and education projects in four states: Alabama, Mississippi, Louisiana and Florida. Its Immigrant Justice Project, based in Atlanta, covers nine Southern states.

Litigation has always been a key strategic tool in the SPLC's arsenal, and it continues to be so. But advocacy tools beyond litigation — including lobbying, community organizing and public policy advocacy — are now an integral part of the SPLC's campaigns for reform. The Legal Department is concentrating its efforts in four areas where there are pressing social problems and opportunities to make a significant impact: immigrant rights, at-risk youth, fighting hate and LGBT rights.

In 2012, the SPLC's case against a prominent former Klan leader came to a successful conclusion. The SPLC also continued to successfully challenge cruel state anti-immigrant laws across the South.

It championed the rights of the LGBT community by filing a ground-breaking lawsuit accusing a New Jersey organization of consumer fraud for offering conversion therapy services — a dangerous and discredited practice that claims to convert people from gay to straight. It also challenged the Defense of Marriage Act on behalf of an Army veteran and reached a settlement requiring Minnesota's largest school district to adopt a plan to protect students from anti-LGBT bullying.

The SPLC protected the rights of immigrant workers in 2012, winning a total of \$16 million for exploited guestworkers in two major cases. It also continued its highly effective campaign to protect the rights of at-risk children in public schools and juvenile detention centers throughout the South.

Klan case ends in victory

The SPLC's case against the Klansmen responsible for the savage beating of a Latino teen concluded with a final victory in March when the Kentucky Supreme Court refused to reconsider the verdict against the former leader of the Imperial Klans of America (IKA). The decision ends the case filed by the SPLC in 2007 on behalf of the teen, Jordan Gruver.

Ron Edwards, the former IKA leader, had appealed his \$1.3 million share of a \$2.5 million verdict awarded to Gruver after a trial in November 2008. As "imperial wizard" of the IKA, Edwards once sat atop a sprawling Klan network that served as an organizing hub for Klansmen, skinheads and neo-Nazis. Based at a rural 15-acre compound in Dawson Springs, Ky., the IKA once had chapters in 25 states. Today, because of the SPLC's lawsuit, the IKA no longer exists.

Fighting state anti-immigrant laws

The SPLC continued its fight against harsh state anti-immigrant laws, often finding success in the courts. In August, a federal appeals court blocked key provisions of the laws enacted in Alabama and Georgia — an SPLC victory that sent a strong message to Alabama and other states that they cannot enact hate-filled laws to try to drive people from their borders.

The SPLC also played a key role in blocking the

passage of anti-immigrant legislation in Mississippi in 2012 by providing policymakers with stories about the devastating impact Alabama's law had on farmers and businesses. In February, the SPLC published *Alabama's Shame: HB 56 and the War on Immigrants*, a report that showed how Alabama's law unleashed an ugly brand of vigilantism, leading some residents to believe they could cheat, harass and intimidate Latinos with impunity. The report underscored why the SPLC remains committed to defeating state anti-immigrant laws.

Protecting immigrant workers

The SPLC plays an important national leadership role across a range of immigrant labor cases. Its primary goal is to end the abuse and exploitation of immigrant labor through a combination of class action litigation, legislative and regulatory reform, and public education. Its main weapon is litigation, which the SPLC uses to win justice for its clients, send a message that employers will be held accountable for labor abuses, shed light on the problems facing immigrant workers, and gain the credibility needed to effectively push for reform in the halls of government.

In October, a federal court ordered a Georgia forestry company to pay \$11.8 million to 4,000 foreign guestworkers who were cheated out of wages while employed by the company — the largest court award to date on behalf of guestworkers. The SPLC sued Eller and Sons Trees Inc., based in Franklin, Ga., in 2005 on behalf of migrant workers lured from Mexico and Guatemala to plant pine seedlings in the Southeast as part of the federal H-2B guestworker program. In another guestworker case, a jury in December ordered a labor recruiting firm and its owner to pay \$4.5 million to 350 Filipino teachers lured to teach in Louisiana public schools and forced into exploitive contracts after arriving in the United States through the federal H-1B guestworker program. The verdict in the case, which the SPLC filed in 2010, sent a clear message that exploitive and abusive business practices involving federal guestworkers will not be tolerated.

Also, the U.S. Department of Labor proposed new rules for the H-2B guestworker program in 2012 that

included important protections for guestworkers and U.S. workers — rules in line with recommendations contained in the SPLC's groundbreaking 2007 report, *Close to Slavery*, as well as comments submitted during the rulemaking process.

Ending conversion therapy

The SPLC continued to aggressively defend the rights of the LGBT community in 2012. Its national campaign to stop conversion therapy, a discredited practice that claims to “convert” people from homosexuality to heterosexuality, took a major step when a lawsuit was filed in November accusing a New Jersey organization of consumer fraud for offering conversion therapy services. The lawsuit, filed in the Superior Court of New Jersey, charges that Jews Offering New Alternatives for Healing (JONAH), its founder and a counselor violated New Jersey's Consumer Fraud Act by providing conversion therapy claiming to cure clients of being gay.

It is the first time a conversion therapy provider has been sued for fraudulent business practices. The lawsuit describes how the plaintiffs — four young men and two of their parents — were lured into JONAH's services through deceptive practices. It also describes how the underlying premise of conversion therapy — that a person can “convert” to heterosexuality — has no basis in scientific fact. It has been discredited or highly criticized by virtually all major American medical, psychiatric, psychological and professional counseling organizations.

The SPLC also filed two administrative complaints against conversion therapy practitioners in 2012 — one with the American Psychiatric Association in Oregon and another with the Illinois licensing boards.

Challenging the Defense of Marriage Act

The SPLC challenged the federal Defense of Marriage Act in February when it filed a lawsuit on behalf of Tracey Cooper-Harris. The Army veteran was denied disabled veteran benefits for her spouse even though her same-sex marriage is recognized in her home state of California. The lawsuit charges that the Depart-

ment of Veterans Affairs discriminated against them by denying these benefits but granting them to spouses in heterosexual marriages.

It also charges that the Defense of Marriage Act is unconstitutional because it prohibits federal agencies from recognizing such same-sex marriages, denying these couples benefits available to couples in heterosexual marriages.

Anti-gay hate group sued

The SPLC and its allies filed suit in September on behalf of a gay couple whose engagement photo was used without their permission in an anti-gay ad in Colorado. The lawsuit accused Public Advocate of the United States, an organization that has been designated by the SPLC as an anti-gay hate group, of misappropriating the likeness and personalities of the couple. It also charged that the group infringed on the photographer's exclusive right to the photo.

Fighting anti-gay bullying, discrimination

In March, the SPLC achieved a major milestone in its campaign to stop rampant anti-LGBT bullying and violence in schools when it reached a settlement agreement requiring Minnesota's largest school district to adopt a wide-ranging plan to protect students from such bullying. The Anoka-Hennepin School District, where at least four LGBT students died by suicide over a two-year period, was "ground zero" in the SPLC's fight.

The SPLC filed a federal lawsuit in July 2011 on behalf of five Anoka-Hennepin students who faced relentless anti-LGBT bullying and attacks. The agreement contains specific requirements to protect students from abuse. The district's compliance with the comprehensive settlement agreement will be monitored by the U.S. Department of Justice for the next five years.

Ending prisoner abuse, neglect

The SPLC continued its long history of protecting prisoners from abuse and exploitation in 2012. In December, the SPLC reached an agreement with officials in Orleans Parish, La., to address the brutal and inhumane

conditions at the Orleans Parish Prison, where prisoners have endured rampant violence, sexual assaults and neglect. The federal consent decree outlines steps that the Orleans Parish sheriff will take to ensure prisoner safety and adequate staffing of the facility.

If approved by the court, an independent monitor will oversee the agreement to ensure compliance. The agreement, the result of an SPLC lawsuit filed in April, also would apply to any new facility that is built to replace the jail.

Fighting for at-risk children

The SPLC has juvenile justice and education reform projects in four Deep South states where vulnerable children are most at risk of ending up in the criminal justice system or dropping out of school: Alabama, Florida, Louisiana and Mississippi. The four states are among the worst in almost every indicator for children's well-being. The campaign achieved great success in 2012.

Alabama

In October, a federal judge denied a request by the Birmingham Police Department to dismiss a lawsuit the SPLC filed against the department for its brutal use of pepper spray against the city's public school students. The judge also denied an assistant high school principal's request to be dropped as a defendant in the lawsuit. The order means the police department and the assistant principal will face a federal civil trial for using pepper spray and excessive force against students.

The SPLC has been unable to identify any other police department in the country that relies so heavily on the use of chemical weapons against students on school grounds. The federal court also granted class action status to the lawsuit in 2012, meaning the SPLC will represent all current and future students who could be exposed to pepper spray. Without class action status, the SPLC lawsuit would have benefited only a handful of students.

Florida

In October, a federal judge blocked a discriminatory

college tuition policy in Florida that the SPLC challenged on behalf of U.S. citizens who lived in the state but were forced to pay out-of-state tuition because they were unable to prove their parents' federal immigration status. The judge's order, based on an earlier decision by the court, declared the policy – which could more than triple a student's tuition – unconstitutional. The SPLC filed the federal class action lawsuit in 2011.

In August, the SPLC filed a series of civil rights complaints against several Florida school districts that discriminated against African-American students by subjecting them to harsh disciplinary policies at a far higher rate than their white classmates. The complaints filed with the U.S. Department of Education's Office for Civil Rights described how African-American students in Escambia, Bay, Okaloosa, Flagler and Suwannee county school districts were suspended, expelled and arrested at school for minor and non-violent conduct, such as disrespectful behavior, use of profanity, disrupting class and horseplay.

In March, the SPLC sued a Florida sheriff in federal court for regularly subjecting children held at the county's adult jail to abuse, neglect and violence — including the placement of children in a cage for punishment. The class action lawsuit against the Polk County sheriff comes after state lawmakers passed legislation allowing counties to place children as young as 8 in adult jails. The suit describes how guards brutalize children by spraying them with harsh chemicals for minor infractions, such as taking too long to get dressed. It also describes how the sheriff fails to provide them with adequate educational and rehabilitative services.

Louisiana

The SPLC fought discrimination in Louisiana's Jefferson Parish Public School System in 2012, filing a complaint against the school district with the Department of Education and the Department of Justice in August.

The complaint describes how the school system failed to provide adequate translation and interpretation services for Spanish-speaking parents with limited

English proficiency. The school system provided school notices, such as notices of long-term suspensions and special education materials, in English to English-speaking parents but failed to provide this information to Spanish-speaking parents in Spanish. This discriminatory treatment violated state and federal law.

Mississippi

In February, a groundbreaking settlement was reached in an SPLC lawsuit to protect incarcerated children in Mississippi from abuse. The agreement will ensure that children and teens incarcerated in Mississippi will no longer be housed in a privately run prison or subjected to brutal solitary confinement. The SPLC's federal class action suit charged that conditions at the Walnut Grove Youth Correctional Facility, which houses boys convicted as adults, are unconstitutional.

In July, the SPLC filed a lawsuit against the Mississippi Department of Education to hold the state responsible for the rampant violation of the special education rights of children in the Jackson school system – the largest school system in Mississippi. Almost two years after finding that the school district had violated federal special education law (a finding that was issued in response to an SPLC complaint), the department has utterly failed to hold the district accountable.

Students with disabilities in Jackson often languish three or four grades behind their peers and are frequently denied access to critical educational services and related services, such as counseling. The case is innovative and important – promising broad reform by holding the state responsible for the treatment of students. It has already inspired advocates in New Mexico to pursue a similar case there.

Other efforts

In April, the Department of Justice advised the SPLC that it will investigate discrimination against students with disabilities in the Georgia public school system. The decision by the department's Civil Rights Division follows an SPLC complaint filed with the Department of Justice in 2011. The SPLC complaint describes

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how the Georgia Department of Education violates the Americans with Disabilities Act by using a school funding formula that encourages districts to unnecessarily segregate students with disabilities to receive more money.

In December, the SPLC urged Congress to address harsh discipline policies within the nation's schools that are needlessly pushing children out of school and into jails and prisons. The written testimony was submitted as part of a hearing by the Senate Judiciary Committee's Subcommittee on the Constitution, Civil Rights and Human Rights.

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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 68% of its total expenses on program services. At the end of the fiscal year, the SPLC's endowment — composed primarily of board-designated funds to support future work — stood at \$245.3 million. The SPLC is proud of the stewardship of its resources.

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OPERATING FUND

ASSETS	
Cash and cash equivalents	\$3,949,884
Contributions receivable	3,212,533
Other receivables	643,602
Inventory	312,979
Prepaid expenses	706,409
Investments of gift annuity program and pooled income fund	8,901,110
Other investments	264,303
Land, buildings and equipment, at cost less accumulated depreciation	<u>16,149,108</u>
Total operating fund assets	<u><u>\$34,139,928</u></u>
LIABILITIES AND NET ASSETS	
Accounts payable and accrued liabilities	\$1,509,488
Long term debt	15,000,000
Gift annuity liability and pooled income fund liability	<u>6,356,158</u>
Total operating fund liabilities	<u>22,865,646</u>
Unrestricted net assets - operating fund	7,695,049
Temporarily restricted net assets - operating fund	<u>3,579,233</u>
Total net assets - operating fund	<u>11,274,282</u>
TOTAL OPERATING FUND LIABILITIES & NET ASSETS	<u><u>\$34,139,928</u></u>

A copy of the SPLC's audited financial statement is available upon request and at splcenter.org.

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	
Cash funds	\$6,797,000
Fixed income:	
U.S. bond funds	811,733
U.S. Treasury inflation protected securities	3,438,329
Non-U.S. bond funds	4,240,331
Public equities:	
U.S. equity funds	46,137,417
Non-U.S. equity funds	36,637,169
Private equity funds	16,926,590
Real asset funds	15,370,958
Marketable alternative funds:	
Absolute return funds	13,698,367
Arbitrage funds	27,481,739
Long-short funds	34,777,428
Multi-strategy funds	<u>38,963,415</u>
 TOTAL ENDOWMENT FUND ASSETS	 <u><u>\$245,280,476</u></u>

STATEMENT OF ACTIVITIES

CHANGES IN UNRESTRICTED NET ASSETS FROM OPERATING FUND

Operating support and revenue	
Contributions	\$33,678,829
Grants	2,205,762
Investment income (excluding Endowment Fund)	704,033
Net assets released from temporary restrictions	818,000
Other	<u>271,688</u>
Total operating fund support revenue, and net assets released from restriction	<u>37,678,312</u>
Operating fund expenses	
Program services	
Legal services	12,375,303
Public education	<u>13,353,669</u>
Total program services	<u>25,728,972</u>
Supporting services	
Management and general	4,631,151
Development	<u>7,453,930</u>
Total supporting services	<u>12,085,081</u>
Total operating fund expenses	<u>37,814,053</u>
Changes in unrestricted net assets from operating fund	(135,741)

CHANGES IN TEMPORARILY RESTRICTED NET ASSETS FROM OPERATING FUND

Operating support and revenue	
Contributions	2,625,174
Net assets released from temporary restrictions	<u>(818,000)</u>
Changes in temporarily restricted net assets from operating fund	1,807,174

CHANGES IN NET ASSETS FROM OPERATING FUND 1,671,433

TRANSFER TO ENDOWMENT (4,737,108)

NET ASSETS AT BEGINNING OF YEAR 14,339,957

NET ASSETS AT END OF YEAR \$11,274,282

