Dear Friends and Supporters of Appleseed:

This has been another momentous year of continued growth for Appleseed, thanks to your extraordinary support.

In 2006, we greatly deepened our expertise and expanded our work in our primary policy areas, hiring three new leaders in their fields: Sue Berkowitz to lead our small business health care and work supports projects; Edwin Darden for our education work; and Milo Mumgaard for our immigrant policy endeavors.

We also made great strides in our mission to advance the public interest, releasing five groundbreaking reports, each significantly contributing to their fields and winning national attention from the media and key advocacy groups.

Appleseed also launched our largest project to date, a comprehensive analysis of the progress and problems facing the evacuees of Hurricane Katrina. With the help of more than 130 attorneys from seven national law firms that contributed more than $4 million worth of pro bono time, we interviewed more than 300 nonprofit agencies, national policy experts, government officials and evacuees to better understand the long-term implications of this sudden, large scale population displacement, and offer proactive constructive solutions for disaster planning. Our final report was featured in more than 100 media outlets and drew the attention of key members of Congress.

Another significant initiative in Appleseed’s ongoing work in aiding local law enforcement cope with changing immigration policy. Appleseed’s report describes the legal landscape behind the issues that arise when state and local governments begin immigration enforcement. Although the legal status of enforcement authority remains murky, the serious implications for communities are clear. Among other implications, state and local police enforcement of immigration laws can jeopardize public safety by straining effective community policing efforts and adding another burden to already stretched police agencies.

Appleseed is also deeply engaged in forming a Fair Exchange task force to improve the information and options available to immigrants who send money home to relatives, or “remittances.” Many major financial players – regulators, banks, and money transfer companies – have already joined Appleseed in this initiative to create options that are both sound for immigrants and profitable for business.

Appleseed’s financial growth has been matched with long strides in board involvement. This year, a new group of dynamic leaders joined Appleseed through its newly developed Isaac Newton Society. Members of the group include young lawyers who have demonstrated leadership and a genuine interest in pro bono work, each of whom work closely with Appleseed on various pro bono projects, offering fresh talent and emerging as Appleseed’s next generation of leadership.

This year, Washington, D.C. Mayor-elect Adrian Fenty announced his nomination of Linda Singer, executive director of Appleseed, to be the next Attorney General of the District of Columbia. Fenty cited Singer’s leadership at Appleseed and her longstanding commitment to social justice issues. This is a wonderful and well deserved recognition of her professional capability, her leadership skills, and her knowledge of the District. It also reflects the huge respect with which she and Appleseed are held by the legal community. She will be deeply missed.

With the successes of the past year behind us and the vision of a promising year ahead, we eagerly look to our new leaders as well as our original supporters to continue Appleseed’s commitment to sowing the seeds of justice.
Financial Access

In December of 2005, Appleseed released “Creating a Fair Playing Field for Consumers: The Need for Transparency in the U.S.-Mexico Remittance Market” with Congressmen Frank, Hinojosa, and Gutierrez, and the support of the National Council of La Raza and the Mexican-American Legal Defense and Education Fund. Appleseed found that immigrants pay nearly $1 billion to send money home to Mexico alone, with one third of those fees often due to hidden mark ups in the exchange rate. Our research provides remitters and policymakers with vital information on how the remittance market actually functions and sets forth recommendations to ensure greater transparency and competition in the market.

“The policy recommendations put forth (by Appleseed) make sense – they give consumers a choice and the ability to make sound financial choices and decisions that in the end will improve their overall quality of life.”
— Congressman Ruben Hinojosa

Appleseed also released an important resource for financial institutions that wish to expand their reach to the immigrant market. “Banking Immigrant Communities: A Toolkit for Banks and Credit Unions” highlights areas of importance to Latino immigrants as a customer base, explains how banks can offer or improve services for Latinos and gives examples of banks and credit unions around the country that have successfully implemented the kit’s recommendations and expanded their business.

Appleseed launched a mortgage lending pilot with Fannie Mae to test our belief that sending remittances on a regular basis is a creditworthy activity, and that extending credit on the basis of remittance history is one way for financial institutions to access a large market of borrowers with nontraditional credit. We also began work on our Fair Exchange initiative in which a number of high-level players in the remittance market have agreed to explore voluntary pricing and disclosure standards that would allow immigrant consumers to make better choices when sending money internationally.

Small Business Health Care

About 46 million Americans are not covered by health insurance, with more than 60 percent of the uninsured being either small business employees or dependents of small business workers. Appleseed has been working with employers, employees, government officials and community-based organizations to identify ways to leverage public benefits programs to gain greater health care coverage for small business workers and their families.

This summer, Appleseed released a report that offers a number of solutions that could be implemented on the state level to increase health insurance coverage, particularly among small businesses. One important step states could take would allow small business employers to buy in to a state-run insurance program, like Medicaid. This option requires recipients to pay the total expense that the state incurs to provide coverage, which taps a much larger purchasing pool and can dramatically reduce premiums. Additionally, with an estimated 10 million uninsured children in America, Appleseed has focused its advocacy on the expansion of the State Children’s Health Insurance (SCHIP) program in order to bring affordable health care coverage to children.
Education

Four years after passage of the federal No Child Left Behind Act, Appleseed conducted a year-long study of the law’s parental involvement component and how it is being implemented across the country. At its heart, NCLB is a market accountability system with parents as the key levers of change. We believe that parents who are armed with data on their schools’ performance – and more importantly, a clear understanding of what the data means – will be better advocates and decision-makers. Appleseed’s study aims to determine whether this accountability mechanism is functioning effectively; that is, whether (and which) parents receive, understand, and act upon the information gathered under NCLB. We sought diverse perspectives from school officials, parents and other stakeholders, and prepared the first report of its kind to assess parental involvement specifically as it relates to NCLB.

This year, we also began conducting a systematic, nationwide and objective study of how teacher and principal contracts impact students and schools across the country. This work will be a valuable resource for boards of education, superintendents, union officials, state and federal policymakers, and academic researchers. Following the study, Appleseed plans to work nationally with superintendents, unions and schools boards to better current practices.
### Support, Revenue, and Expenses
Audited financial statement for the year ending June 30, 2006

#### Support and Revenue
- Contributions temporarily restricted: $1,573,785
- Contributions unrestricted: $1,246,956
- Investment income: $65,912
- Donated services: $5,439,890

Total support and revenue: $8,326,543

#### Expenses and Distributions
**Program Distributions**
- Grants to centers: $1,054,931
- Allocated program expenses: $6,183,727
- Management and general expenses: $321,763
- Fundraising: $306,797

Total expenses and distributions: $7,867,218

Change in net assets: $59,127

Net assets beginning of period: $492,719

Net assets end of period: $489,188

A full audit for the fiscal year 2006 is available upon request.

### Assets, Liabilities, and Net Assets
Audited financial statement for the year ending June 30, 2006

#### Assets
- Cash and cash equivalents: $1,295,412
- Unconditional promises to give: $204,844
- Prepaid expenses: $21,790

Total current assets: $1,522,046

- Fixed assets net: $9,424
- Investments: $809,610

Total assets: $2,341,080

#### Liabilities and Net Assets
**Current Liabilities**
- Due to centers: $179,311
- Accounts payable and accrued expenses: $67,371

Total current liabilities: $246,682

**Net Assets**
- Unrestricted: $489,188
- Temporarily restricted: $1,605,210

Total net assets: $2,094,398

Total liabilities and net assets: $2,341,080

In-kind Supporters

- Arent Fox PLLC
- Booz Allen Hamilton
- Covington & Burling LLP
- Cravath, Swaine & Moore LLP
- Dorsey & Whitney LLP
- Faegre & Benson LLP
- Holland & Knight LLP
- Jones Day
- Kilpatrick Stockton LLP
- King & Spalding LLP
- Kirkland & Ellis LLP
- Latham & Watkins LLP
- Levine, Blaszak, Block & Boshyb, LLP
- Mayer, Brown, Rowe & Mox LLP
- Maynard Cooper & Gale PC
- Morrison & Foerster
- O’Melveny & Myers LLP
- Orrick, Herrington & Sutcliffe LLP
- Patton Boggs
- Paul, Weiss, Rifkind, Wharton & Garrison LLP
- Porter Wright Morris & Arthur LLP
- PricewaterhouseCoopers
- Reed Smith LLP
- Schulte Roth & Zabel LLP
- Shearman & Sterling LLP
- Sheppard, Mullin, Richter & Hampton LLP
- Skadden, Arps, Slate, Meagher & Flom LLP and Affiliates
- Steptoe & Johnson LLP
- Walker Associates
- Weil, Gotshal & Manges LLP
- White & Case LLP
- Wilmer Cutler Pickering Hale and Dorr LLP

A full audit for the fiscal year 2006 is available upon request.
Without people nothing is possible. But without institutions, nothing is lasting. This is the underlying approach that informs the Appleseed agenda to broaden the scope of justice in America.
For more information about Appleseed and our programs please visit www.appleseednetwork.org or call 202.347.7960.