

The Lawyers' Campaign for Equal Justice

Financial Statements and Other Information
as of and for the Year Ended March 31, 2012
and Report of Independent Accountants

THE LAWYERS' CAMPAIGN FOR EQUAL JUSTICE

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REPORT OF INDEPENDENT ACCOUNTANTS

*The Board of Directors
The Lawyers' Campaign for Equal Justice:*


We have audited the accompanying statement of financial position of The Lawyers' Campaign for Equal Justice as of March 31, 2012, and the related statements of activities and cash flows for the year then ended. These financial statements are the responsibility of The Lawyers' Campaign for Equal Justice's management. Our responsibility is to express an opinion on these financial statements based on our audit. The prior year summarized comparative information has been derived from the financial statements of The Lawyers' Campaign for Equal Justice as of March 31, 2011, and, in our report dated June 28, 2011, we expressed an unqualified opinion on those financial statements.

We conducted our audit in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of The Lawyers' Campaign for Equal Justice's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the 2012 financial statements referred to above present fairly, in all material respects, the financial position of The Lawyers' Campaign for Equal Justice as of March 31, 2012, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States.

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The supplementary information included in the schedules on pages 18 through 21 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information

directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States. In our opinion, the information is fairly stated in all material respects in relation to the financial statements taken as a whole.

 & CO. LLP

June 26, 2012

THE LAWYERS' CAMPAIGN FOR EQUAL JUSTICE

STATEMENT OF FINANCIAL POSITION

MARCH 31, 2012

(WITH COMPARATIVE AMOUNTS FOR 2011)

	2012	2011
Assets:		
Cash and cash equivalents	\$ 546,998	571,333
Grants and contributions receivable (<i>note 3</i>)	233,808	316,411
Beneficial interest in assets held by the Oregon Community Foundation (<i>note 4</i>)	426,575	426,188
Prepaid expenses and other assets	7,170	4,214
Total assets	\$ 1,214,551	1,318,146
Liabilities:		
Accounts payable and accrued expenses	6,735	5,364
Grants payable (<i>note 5</i>)	720,288	729,000
Total liabilities	727,023	734,364
Net assets:		
Unrestricted:		
Available for programs and general operations	36,112	65,494
Designated by the Board of Directors for endowment (<i>note 6</i>)	189,774	189,603
Total unrestricted	225,886	255,097
Temporarily restricted (<i>note 6</i>)	45,497	119,905
Permanently restricted for endowment (<i>note 6</i>)	216,145	208,780
Total net assets	487,528	583,782
Commitments (<i>note 9</i>)		
Total liabilities and net assets	\$ 1,214,551	1,318,146

See accompanying notes to financial statements.

THE LAWYERS' CAMPAIGN FOR EQUAL JUSTICE

STATEMENT OF ACTIVITIES

YEAR ENDED MARCH 31, 2012
(WITH COMPARATIVE TOTALS FOR 2011)

	2012			Total	2011
	Unrestricted	Temporarily restricted	Permanently restricted		
Operating revenues, gains, and other support:					
Grants and contributions	\$ 955,744	66,689	—	1,022,433	1,107,645
In-kind contributions	5,345	—	—	5,345	4,390
Ticket revenue	12,249	—	—	12,249	10,115
Investment income	868	—	—	868	3,418
Total operating revenues and gains	974,206	66,689	—	1,040,895	1,125,568
Net assets released from restrictions (<i>note 7</i>)	141,313	(141,313)	—	—	—
Total operating revenues, gains, and other support	1,115,519	(74,624)	—	1,040,895	1,125,568
Expenses (<i>note 8</i>):					
Program services:					
Grants	721,507	—	—	721,507	730,000
Education and outreach	142,585	—	—	142,585	128,517
Funding initiatives	73,483	—	—	73,483	68,628
Total program services	937,575	—	—	937,575	927,145
Supporting services:					
Management and general	59,327	—	—	59,327	52,832
Fundraising	147,999	—	—	147,999	130,527
Total supporting services	207,326	—	—	207,326	183,359
Total expenses	1,144,901	—	—	1,144,901	1,110,504
Increase (decrease) in net assets before non-operating activities	\$ (29,382)	(74,624)	—	(104,006)	15,064

Continued

THE LAWYERS' CAMPAIGN FOR EQUAL JUSTICE

STATEMENT OF ACTIVITIES, CONTINUED

YEAR ENDED MARCH 31, 2012
(WITH COMPARATIVE TOTALS FOR 2011)

	2012			Total	2011
	Unrestricted	Temporarily restricted	Permanently restricted		
Non-operating activities:					
Endowment gifts	\$ -	-	7,365	7,365	104,475
Net change in beneficial interest in assets held by the Oregon Community Foundation (<i>note 4</i>)	171	216	-	387	39,082
Total non-operating activities	171	216	7,365	7,752	143,557
Increase (decrease) in net assets	(29,211)	(74,408)	7,365	(96,254)	158,621
Net assets at beginning of year	255,097	119,905	208,780	583,782	425,161
Net assets at end of year	\$ 225,886	45,497	216,145	487,528	583,782

See accompanying notes to financial statements.

THE LAWYERS' CAMPAIGN FOR EQUAL JUSTICE

STATEMENT OF CASH FLOWS

YEAR ENDED MARCH 31, 2012
(WITH COMPARATIVE TOTALS FOR 2011)

	2012	2011
Cash flows from operating activities:		
Cash received from donors and grantors	\$ 1,105,036	1,015,292
Cash received from other sources	12,249	10,115
Cash received from interest income	868	3,418
Cash paid to grantees	(730,219)	(677,800)
Cash paid to employees and suppliers	(419,634)	(373,066)
Net cash used in operating activities	(31,700)	(22,041)
Cash flows from investing activities:		
Additions to assets held by the Oregon Community Foundation	-	(109,261)
Net cash used in investing activities	-	(109,261)
Cash flows from financing activities:		
Proceeds from contributions restricted to long-term investment	7,365	104,475
Net cash provided by financing activities	7,365	104,475
Net decrease in cash and cash equivalents	(24,335)	(26,827)
Cash and cash equivalents at beginning of year	571,333	598,160
Cash and cash equivalents at end of year	\$ 546,998	571,333

See accompanying notes to financial statements.

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED MARCH 31, 2012

1. Organization

The Lawyers' Campaign for Equal Justice was established in 1991 as a private, nonprofit organization located in Portland, Oregon, and works to support 100 legal aid attorneys in 17 communities throughout the State of Oregon. The Campaign's mission is to champion access to justice for low-income Oregonians through education and by working to increase funding for legal aid. The Oregon legal community has responded generously, helping the Campaign raise almost \$21 million over the last 21 years.

During the year ended March 31, 2012, the Campaign incurred program service expenses in the following major categories:

- *Education and Outreach* – The Campaign educates the community on the work being done by Oregon's legal services programs, and also on the great need for increased services.
- *Other Funding Initiatives* – Because only 20% of the legal needs of low-income Oregonians can be met with current resources, the Campaign works to increase funding through grants, foundation support, and state and federal funding. Because these receipts do not flow through the Campaign's accounts and are recorded directly in the financial statements of the organizations benefited, the accompanying financial statements do not reflect these increases.

2. Summary of Significant Accounting Policies

The significant accounting policies followed by the Campaign are described below to enhance the usefulness of the financial statements to the reader.

Basis of Accounting – The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles and the principles of fund accounting. Fund accounting is the procedure by which resources for various purposes are classified for accounting purposes in accordance with activities or objectives specified by donors.

Basis of Presentation – The Campaign has adopted the provisions of Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") No. 958-605, *Revenue Recognition* and FASB ASC No. 958-205 *Presentation of Financial Statements*. Under these provisions, net assets and all balances and transactions are presented based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of the Campaign and changes therein are classified and reported as follows:

- *Unrestricted net assets* – Net assets not subject to donor-imposed stipulations. This category includes unrestricted net assets that the Campaign's Board of Directors has set aside to function as a true endowment fund.

- *Temporarily restricted net assets* – Net assets subject to donor-imposed stipulations that will be met either by actions of the Campaign and/or the passage of time. These balances represent the unexpended portion of externally restricted contributions and investment return to be used for specific programs and activities as directed by the donor.
- *Permanently restricted net assets* – Net assets subject to donor-imposed stipulations that they be maintained permanently by the Campaign. Generally, the donors of these assets permit the Campaign to use all or part of the income earned on related investments for general or specific purposes.

Expenses are reported as decreases in unrestricted net assets. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in unrestricted net assets unless their use is restricted by explicit donor stipulation or by law. Expirations of temporary restrictions on net assets (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as net assets released from restrictions.

Use of Estimates – The preparation of financial statements in conformity with generally accepted accounting principles requires that management make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. In the opinion of the Campaign's management, such differences, if any, would not be significant.

Contributions – Contributions, which include unconditional promises to give (pledges), are recognized as revenues in the period received. Conditional promises to give are not recognized until they become unconditional, that is when the conditions on which they depend are substantially met. Contributions of assets other than cash are recorded at their estimated fair value.

Pledges for the support of future operations, programs, and activities are recorded at the present value of the estimated future cash flows, net of an allowance for contributions receivable doubtful of collection. The allowance for contributions receivable doubtful of collection is provided based upon management's judgment and such factors as prior collection history, type of contribution, and nature of the fundraising activity.

Contributions of capital assets without donor stipulations concerning the use of such long-lived assets are reported as revenues of the unrestricted net asset class. Contributions of cash or other assets to be used to acquire capital assets with such donor stipulations are reported as revenues of the temporarily restricted net asset class; the restrictions are considered to be released at the time of acquisition of such long-lived assets.

Outstanding Legacies – The Campaign is the beneficiary under various wills and trust agreements, the total realizable amounts of which are not presently determinable. The Campaign's share of such bequests is recorded when the probate court has declared the testamentary instrument valid and the proceeds are measurable. Management estimates that the Campaign is currently a beneficiary of various wills and trusts for amounts totaling approximately \$250,000.

In-Kind Contributions – Significant services received which create or enhance a non-financial asset or require specialized skills that the Campaign would have purchased if not donated are recognized in the statement of activities. During the year ended March 31, 2012, the Campaign recorded \$1,689 in contributed accounting services.

In-kind contributions of equipment and other materials and free use of facilities are recorded when there is an objective basis upon which to value the contributions and where the contributions are an essential part of the Campaign's activities. During the year ended March 31, 2012, the Campaign recorded \$3,656 in contributed supplies and free use of facilities.

Cash Equivalents – For purposes of the financial statements, the Campaign considers all liquid investments having initial maturities of three months or less to be cash equivalents. At March 31, 2012, the Campaign held \$153,658 in money market funds.

Capital Assets and Depreciation – Capital assets are carried at cost when purchased, or at fair market value when acquired by gift. Purchases of capital assets having a unit cost of \$1,500 or more and an estimated useful life of more than one year are capitalized and carried at cost. As of March 31, 2012, the organization did not hold any capital assets with a unit cost greater than \$1,500.

Revenue Recognition – All contributions and grants are considered available for unrestricted use unless specifically restricted by a donor. Service revenues are recognized at the time services are provided and the revenues are earned.

Grants Awarded – Grants are accrued when awarded by the Campaign and unconditional. Grants are provided from available resources and in accordance with restrictions imposed by donors.

Endowment Funds and Interpretation of Relevant Law – Effective January 1, 2008, the State of Oregon adopted the Uniform Prudent Management of Institutional Funds Act (“UPMIFA”) which governs Oregon charitable institutions with respect to the management, investment, and expenditure of donor-restricted endowment funds.

The Board of Directors has interpreted Oregon’s adoption of UPMIFA as requiring the Campaign to adopt investment and spending policies that preserve the fair value of the original gift as of the date of gift, absent explicit donor stipulations to the contrary. Although the Campaign has a long-term fiduciary duty to the donor (and to others) for a fund of perpetual duration, the preservation of the endowment’s purchasing power is only one of several factors that are considered in managing and investing these funds. Furthermore, in accordance with UPMIFA, a portion of the endowment’s original gift may be appropriated for expenditure in support of the restricted purposes of the endowment if this is consistent with a spending policy that otherwise satisfies the requisite standard of prudence under UPMIFA.

As a result of this interpretation, the Campaign classifies as permanently restricted net assets (1) the original value of gifts donated to the permanent endowment, (2) subsequent gifts to the endowment, and (3) accumulations made pursuant to the direction of the applicable donor gift instrument at the time the accumulation is added to the fund.

Net earnings (realized and unrealized) on the investment of endowment assets are classified as temporarily restricted until those amounts are appropriated for expenditure by the Campaign in a manner consistent with the standard of prudence prescribed by UPMIFA and until expended in a manner consistent with the purpose or time restrictions, if any, imposed by the donor. Any investment return classified as permanently restricted represents only those amounts required to be retained permanently as a result of explicit donor stipulations.

With regard to endowment losses or appropriations in excess of the fair value of the original gift, in accordance FASB ASC No. 958-320, *Investments – Debt and Equity Securities*, the portion of a donor restricted endowment that is classified as permanently restricted is not reduced by losses on the investments of the fund, except to the extent required by the donor, including losses related to specific investments that the donor requires the Campaign to hold in perpetuity. Similarly, the amount of permanently restricted net assets is not reduced by the Campaign’s appropriations from the fund. In the absence of donor stipulations or law to the contrary, losses or appropriations of a donor-restricted endowment reduce temporarily restricted net assets to the extent that donor-imposed temporary restrictions on net appreciation of the fund have not been satisfied before the loss or appropriation occurs. Any remaining loss or appropriation reduces unrestricted net assets.

In accordance with UPMIFA, the Board of Directors has adopted investment and spending policies for endowment assets that will provide a predictable stream of funding to the programs and operations supported by its endowment, while also seeking to maintain the long-term purchasing power of the endowment assets. Therefore, the Board of Directors considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- The duration and preservation of the fund;
- The purposes of the Campaign and the fund;
- General economic conditions;
- The possible effect of inflation and deflation;
- The expected total return from income and the appreciation of investments;
- Other resources of the Campaign; and
- The investment policies of the Campaign.

During the year ended March 31, 2012, the Campaign’s Board of Directors did not appropriate any funds for expenditure.

Operating Results – Results from operations in the statement of activities reflect all transactions increasing or decreasing unrestricted net assets except for the net change in the Campaign’s beneficial interest in assets held by the Oregon Community Foundation (“OCF”), net assets released from restrictions related to capital additions, gifts restricted by donors for capital purposes, gains and losses on the sale of long-lived assets that are peripheral to central operations, and endowment gifts.

Concentrations of Credit Risk – The Campaign’s financial instruments consist primarily of money market funds, and the Campaign’s beneficial interest in assets held by OCF. These financial instruments may subject the Campaign to concentrations of credit risk as, from time to time, cash balances may exceed amounts insured by the Federal Deposit Insurance Corporation (“FDIC”), the fair value of securities are dependent on the ability of the issuer to honor its contractual commitments, and the investments are subject to changes in fair values.

All interest bearing checking and savings accounts, money market deposit accounts, and certificates of deposit are insured by the FDIC for up to \$250,000 per depositor, per insured bank, for each account ownership category. In addition, Section 343 of the Dodd-Frank Wall Street Reform and Consumer Protection Act provides depositors with temporary unlimited coverage for noninterest-bearing transaction accounts. This unlimited protection became effective on December 31, 2010 and terminates on December 31, 2012.

The Campaign's beneficial interest in funds held by the OCF is dependent upon changes in the fair values of the underlying investments and the ability of the OCF to honor its commitment.

Finally, grants and contributions receivable also subject the Campaign to concentrations of credit risk, although this risk is considered to be limited due to the large number of funders to the Campaign and their geographic dispersion.

Income Taxes – The Campaign is exempt from federal and state income tax under Section 501(c)(3) of the Internal Revenue Code and comparable state law, and is a publicly supported organization as defined in Sections 170(b)(1)(A)(vi) and 509(a)(1). Contributions to the Campaign qualify for applicable charitable contribution deductions. For tax purposes, the Campaign's open audit periods are for the years ended March 31, 2009 through 2011.

The Campaign has adopted the recognition requirements for uncertain income tax positions as required by FASB ASC No. 740-10, *Income Taxes*. Under this standard, income tax benefits are recognized for income tax positions taken or expected to be taken in a tax return only when it is determined that the income tax position will more-likely-than-not be sustained upon examination by taxing authorities.

Subsequent Events – As required by FASB ASC No. 855, *Subsequent Events*, subsequent events have been evaluated by management through June 26, 2012, which is the date the financial statements were available to be issued.

Summarized Financial Information for 2011 –

The accompanying financial information as of and for the year ended March 31, 2011, is presented for comparative purposes only and is not intended to represent a complete financial statement presentation.

Other Significant Accounting Policies – Other significant accounting policies are set forth in the financial statements and the following notes.

3. Grants and Contributions Receivable

Grants and contributions receivable totaled \$233,808 at March 31, 2012 and represented unconditional promises expected to be collected in less than one year as follows:

Contributions receivable	\$ 269,895
Less allowance for doubtful collection	(36,087)
	\$ 233,808

4. Beneficial Interest in Assets Held by the Oregon Community Foundation

The Oregon Community Foundation holds two funds on behalf of the Campaign: The Campaign for Equal Justice Endowment Fund (with an estimated fair value of \$409,855 at March 31, 2012) (representing both donor-restricted endowment and Board-designated endowment) and the Jackson County Center for Nonprofit Legal Services Endowment Fund (with an estimated fair value of \$16,720 at March 31, 2012).

Both funds were established by a predecessor organization (the Oregon Access to Justice Endowment Fund) through a transfer of assets to the Oregon Community Foundation in return for the contractual promise of a perpetual stream of future distributions back to the Campaign, based on OCF's spending rate and related policies (described below). Although OCF accepted the transferred assets subject to its own variance power, the Campaign has retained a future economic beneficial interest in the transferred assets, having named itself as the beneficiary of the transferred funds and related future investment return. In accordance with FASB ASC No. 958-605, *Revenue Recognition*, the Campaign accounts for its interest in these funds using the equity method of accounting, which approximates the present value of the estimated expected future cash flow that will inure to the Campaign.

Changes in the Campaign's beneficial interest in these funds for the year ended March 31, 2012 are summarized as follows:

Balance at beginning of year	\$ 426,188
Plus increase in the fair market value of the funds	387
Balance at end of year	\$ 426,575

Under the terms of its agreement with the Oregon Community Foundation, the funds are invested at the discretion of OCF and are held in a mixture of asset classes designed to maximize return while minimizing risk. The Campaign may receive quarterly distributions of investment return in accordance with OCF's spending policies (currently 4.5% of a trailing 13-quarter market value average). Additional distributions can be made at any time by the affirmative vote of the majority of the Campaign's Board of Directors and the approval of the Oregon Community Foundation. During the year ended March 31, 2012, there were no distributions made to the Campaign.

At March 31, 2012 these assets are held for the following purposes:

Donor-restricted endowment funds	\$ 199,445
Unappropriated endowment earnings	37,356
Funds designated by the Board of Directors for endowment	189,774
	\$ 426,575

In addition, the Campaign held \$16,700 of endowment funds in cash and cash equivalents at March 31, 2012.

5. Grants Payable

Grants payable at March 31, 2012, represent \$720,288 in unconditional promises to give to others expected to be paid in less than one year

6. Restrictions and Limitations on Net Asset Balances

Designated by the Board of Directors for Endowment

At March 31, 2012, the Campaign's Board of Directors had designated and set aside \$189,774 for endowment purposes.

Temporarily Restricted Net Assets

Temporarily restricted net assets at March 31, 2012 total \$45,497 and consist of grants and contributions, and unexpended revenues and gains available for specific program services or future periods, as follows:

Unappropriated endowment earnings:

Herbold Fund for the representation of the elderly	\$ 28,663
Services in Jackson County	4,620
Unappropriated unrestricted endowment earnings	4,073
	37,356
Other expendable gifts to benefit future periods	8,141
	\$ 45,497

Permanently Restricted Net Assets

At March 31, 2012, the Campaign held \$216,145 in endowment funds. The return generated by the investment of these permanently restricted net assets is restricted or unrestricted as to purpose as follows:

Herbold Fund for the representation of elderly Services in Jackson County	\$ 99,279
Unrestricted	12,100
	104,766
	\$ 216,145

The Campaign's endowment consists of individual funds established for a variety of purposes, and includes both donor-restricted endowment funds and funds designated by the Board of Directors to function as endowment. As required by generally accepted accounting principles, net assets associated with endowment, including funds designated by the Board of Directors to function as endowment, are classified and reported based on the existence or absence of donor-imposed restrictions.

The following summarizes the Campaign's endowment-related activities for the year ended March 31, 2012:

	<u>Donor-restricted endowment</u>			<u>Board-</u>	<u>Total</u>
	<u>Temporarily</u>	<u>Permanently</u>	<u>Total</u>	<u>designated</u>	
	<u>restricted</u>	<u>restricted</u>		<u>endowment</u>	<u>endow-</u>
				<u>Unrestricted</u>	<u>ment</u>
Endowment net assets at beginning of year	\$ 37,140	208,780	245,920	189,603	435,523
Contributions	–	7,365	7,365	–	7,365
Net increase in beneficial interest in assets held by the Oregon Community Foundation	216	–	216	171	387
Endowment net assets at end of year	\$ 37,356	216,145	253,501	189,774	443,275

7. Net Assets Released from Restrictions

During the year ended March 31, 2012, the Campaign incurred \$141,313 in expenses in satisfaction of the restricted purposes specified by donors, or satisfied the restrictions by the occurrence of other events. Accordingly, a corresponding amount has been reported as a reclassification from temporarily restricted net assets to unrestricted net assets in the accompanying statement of activities.

8. Expenses

The costs of providing the various programs and activities of the Campaign have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Costs by their natural classification are summarized in the schedule of functional expenses.

9. Operating Lease

The Campaign leases its office space under a lease agreement that expires in May, 2014. At March 31, 2012, the Campaign's aggregate lease commitments are as follows:

<i>Years ending March 31,</i>	
2013	\$ 17,313
2014	17,828
2015	2,236
	<u>\$ 37,377</u>

Rent expense for the year ended March 31, 2012, totaled \$20,080.

10. Fair Value Measurements

The accompanying financial statements report the Campaign's financial instruments at fair value. These assets have been classified, for disclosure purposes, based on a hierarchy defined by FASB ASC No. 820, *Fair Value Measurements and Disclosures*. The hierarchy gives the highest ranking to fair values determined using unadjusted quoted prices in active markets for identical assets and liabilities (Level 1) and the lowest ranking to fair values determined using methodologies and models with unobservable inputs (Level 3).

At March 31, 2012, the Campaign's beneficial interest in assets held by the Oregon Community Foundation is reported at fair value on a recurring basis under Level 3, representing future cash inflows to the Campaign measured at fair value based upon a discounted cash flow analysis of the expected income to be derived from the Campaign's interest in these assets. Since the discount rate used for this analysis is considered to be identical to the return that market participants would expect on similar assets, the Campaign has measured the expected cash flows for its beneficial interest as equivalent to the fair value of the underlying assets held and owned by OCF. Management's estimate is based solely on information provided by OCF.

See note 4 for a summary of the beneficial interest in assets held by OCF and the associated activity for the year ended March 31, 2012.

11. Statement of Cash Flows Reconciliation

The following presents a reconciliation of the decrease in net assets (as reported on the statement of activities) to net cash used in operating activities (as reported on the statement of cash flows):

Decrease in net assets	\$ (96,254)
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<i>Adjustments to reconcile decrease in net assets to net cash used in operating activities:</i>	
Net change in beneficial interest in assets held by the Oregon Community Foundation	(387)
Proceeds from contributions restricted for long-term investment	(7,365)
<i>Net changes in:</i>	
Grants and contributions receivable	82,603
Prepaid expenses and other assets	(2,956)
Accounts payable and accrued expenses	1,371
Grants payable	(8,712)
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Total adjustments	64,554
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Net cash used in operating activities	\$ (31,700)
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THE LAWYERS' CAMPAIGN FOR EQUAL JUSTICE

SCHEDULE OF FUNCTIONAL EXPENSES

YEAR ENDED MARCH 31, 2012
(WITH COMPARATIVE TOTALS FOR 2011)

	2012				
	Program services			Total	Management and general
	Grants	Education and outreach	Other funding initiatives		
Grants	\$ 721,507	–	–	721,507	–
Salaries and related expenses	–	85,047	49,707	134,754	30,978
Contract services	–	26,324	5,066	31,390	16,527
Printing	–	9,171	5,915	15,086	1,152
Postage and mailing	–	5,459	808	6,267	693
Office expenses	–	5,147	3,182	8,329	2,375
Occupancy	–	6,174	4,734	10,908	2,881
Telephone	–	1,791	706	2,497	437
Insurance	–	–	–	–	2,020
Travel and conferences	–	2,247	2,795	5,042	992
Bank fees	–	–	–	–	75
Other	–	1,225	570	1,795	1,197
Total expenses	\$ 721,507	142,585	73,483	937,575	59,327

Supporting services

Fund-raising	Total	Total	2011
-	-	721,507	730,000
81,253	112,231	246,985	218,724
12,847	29,374	60,764	57,052
16,525	17,677	32,763	30,687
10,891	11,584	17,851	15,280
5,599	7,974	16,303	14,033
6,291	9,172	20,080	23,208
1,913	2,350	4,847	4,300
-	2,020	2,020	2,020
2,001	2,993	8,035	3,646
5,763	5,838	5,838	5,985
4,916	6,113	7,908	5,569
147,999	207,326	1,144,901	1,110,504

THE LAWYERS' CAMPAIGN FOR EQUAL JUSTICE

SCHEDULE OF CHANGES IN NET ASSETS

YEAR ENDED MARCH 31, 2012

	General operating fund	Unrestricted Designated by Board of Directors for endowment	Total
Operating revenues, gains, and other support:			
Grants and contributions	\$ 955,744	-	955,744
In-kind contributions	5,345	-	5,345
Ticket revenue	12,249	-	12,249
Investment income	868	-	868
Total operating revenues and gains	974,206	-	974,206
Net assets released from restrictions	141,313	-	141,313
Total operating revenues, gains, and other support	1,115,519	-	1,115,519
Expenses:			
Program services	937,575	-	937,575
Management and general	59,327	-	59,327
Fundraising	147,999	-	147,999
Total expenses	1,144,901	-	1,144,901
Decrease in net assets before non-operating activities	(29,382)	-	(29,382)
Non-operating activities:			
Endowment gifts	-	-	-
Net increase in beneficial interest in assets held by the Oregon Community Foundation	-	171	171
Increase (decrease) in net assets	(29,382)	171	(29,211)
Net assets at beginning of year	65,494	189,603	255,097
Net assets at end of year	\$ 36,112	189,774	225,886

Donor restricted				
Temporarily restricted			Permanently restricted for endowment	Total
Contributions	Endowment earnings	Total		
66,689	-	66,689	-	1,022,433
-	-	-	-	5,345
-	-	-	-	12,249
-	-	-	-	868
66,689	-	66,689	-	1,040,895
(141,313)	-	(141,313)	-	-
(74,624)	-	(74,624)	-	1,040,895
-	-	-	-	937,575
-	-	-	-	59,327
-	-	-	-	147,999
-	-	-	-	1,144,901
(74,624)	-	(74,624)	-	(104,006)
-	-	-	7,365	7,365
-	216	216	-	387
(74,624)	216	(74,408)	7,365	(96,254)
82,765	37,140	119,905	208,780	583,782
8,141	37,356	45,497	216,145	487,528

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MARCH 31, 2012

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THE LAWYERS' CAMPAIGN FOR EQUAL JUSTICE
921 S.W. Washington Street, Suite 404
Portland, OR 97205

(503) 295-8442
(503) 417-8191 Fax

Website

www.cej-oregon.org