

The Lawyers' Campaign for Equal Justice

Financial Statements and Other Information
as of and for the Year Ended March 31, 2009
and Report of Independent Accountants

THE LAWYERS' CAMPAIGN FOR EQUAL JUSTICE

TABLE OF CONTENTS

	Page
Report of Independent Accountants	3
Financial Statements:	
Statement of Financial Position	4
Statement of Activities	5
Statement of Cash Flows	7
Notes to Financial Statements	8
Supplementary Financial Information:	
<i>Schedule 1</i> – Schedule of Functional Expenses	18
<i>Schedule 2</i> – Schedule of Changes in Net Assets	20
Other Information:	
Governing Board and Management	22
Inquiries and Other Information	23



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, 2009, 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, 2008, and, in our report dated January 19, 2009, 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 2009 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, 2009, 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 basic financial statements taken as a whole. The supplementary information included on pages 18 through 21 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

July 8, 2009

THE LAWYERS' CAMPAIGN FOR EQUAL JUSTICE

STATEMENT OF FINANCIAL POSITION

MARCH 31, 2009

(WITH COMPARATIVE AMOUNTS FOR 2008)

	2009	2008
Assets:		
Cash and cash equivalents	\$ 697,248	678,065
Short-term investments	499	1,867
Grants and contributions receivable <i>(note 4)</i>	177,713	165,174
Beneficial interest in assets held by the Oregon Community Foundation <i>(note 5)</i>	210,679	203,874
Prepaid expenses	2,295	2,286
Furniture and equipment <i>(note 6)</i>	386	895
Total assets	\$ 1,088,820	1,052,161
Liabilities:		
Accounts payable and accrued expenses	17,473	15,940
Grants payable	720,000	715,000
Total liabilities	737,473	730,940
Net assets:		
Unrestricted:		
Available for programs and general operations	102,271	28,189
Designated by the Board of Directors for endowment <i>(note 7)</i>	129,501	178,381
Cumulative endowment losses <i>(note 7)</i>	(9,716)	-
Net investment in capital assets	386	895
Total unrestricted	222,442	207,465
Temporarily restricted <i>(note 7)</i>	29,560	23,362
Permanently restricted for endowment <i>(note 7)</i>	99,345	90,394
Total net assets	351,347	321,221
Commitments <i>(note 10)</i>		
Total liabilities and net assets	\$ 1,088,820	1,052,161

See accompanying notes to financial statements.

THE LAWYERS' CAMPAIGN FOR EQUAL JUSTICE

STATEMENT OF ACTIVITIES

YEAR ENDED MARCH 31, 2009
(WITH COMPARATIVE TOTALS FOR 2008)

	2009			Total	2008
	Unrestricted	Temporarily restricted	Permanently restricted		
Operating revenues, gains and other support:					
Grants and contributions	\$ 953,104	223,263	—	1,211,215	1,047,336
Provision for contributions receivable doubtful of collection	—	—	—	(34,848)	(21,627)
Adjustment made to prior year grant awards	—	—	—	—	132,436
In-kind contributions	5,021	—	—	5,021	3,876
Ticket revenues	10,075	—	—	10,075	27,313
Contract revenue	8,820	—	—	8,820	16,493
Investment income	3,350	—	—	3,350	10,709
Net decline in the fair value of investments	(984)	—	—	(984)	(725)
Total operating revenues and gains	979,386	223,263	—	1,202,649	1,215,811
Net assets released from restrictions (<i>note 8</i>)	194,453	(194,453)	—	—	—
Total operating revenues, gains and other support	1,173,839	28,810	—	1,202,649	1,215,811
Expenses (<i>note 9</i>):					
Program services:					
Grants	725,500	—	—	725,500	715,056
Education and outreach	121,744	—	—	121,744	147,642
Funding initiatives	69,849	—	—	69,849	71,456
Total program services	917,093	—	—	917,093	934,154
Supporting services:					
Management and general	53,316	—	—	53,316	79,413
Fundraising	129,857	—	—	129,857	130,418
Total supporting services	183,173	—	—	183,173	209,831
Total expenses	1,100,266	—	—	1,100,266	1,143,985
Increase (decrease) in net assets before non-operating activities	\$ 73,573	28,810	—	102,383	71,826

Continued

THE LAWYERS' CAMPAIGN FOR EQUAL JUSTICE

STATEMENT OF ACTIVITIES, CONTINUED

YEAR ENDED MARCH 31, 2009
(WITH COMPARATIVE TOTALS FOR 2008)

	2009			Total	2008
	Unrestricted	Temporarily restricted	Permanently restricted		
Non-operating activities:					
Endowment gifts	\$ —	—	8,951	8,951	5,125
Net decline in beneficial interest in assets held by the Oregon Community Foundation (<i>note 5</i>)	(58,596)	(22,612)	—	(81,208)	(1,973)
Transfer of net assets from the Oregon Access to Justice Endowment Fund	—	—	—	—	370,022
Provision for endowment pledges doubtful of collection	—	—	—	—	(84,600)
Total non-operating activities	(58,596)	(22,612)	8,951	(72,257)	288,574
Increase in net assets	14,977	6,198	8,951	30,126	360,400
Net assets at beginning of year	207,465	23,362	90,394	321,221	(39,179)
Net assets at end of year	\$ 222,442	29,560	99,345	351,347	321,221

See accompanying notes to financial statements.

THE LAWYERS' CAMPAIGN FOR EQUAL JUSTICE

STATEMENT OF CASH FLOWS

YEAR ENDED MARCH 31, 2009
(WITH COMPARATIVE TOTALS FOR 2008)

	2009	2008
Cash flows from operating activities:		
Cash received from donors and grantors	\$ 1,173,903	1,092,848
Cash received from other sources	8,820	16,493
Cash received from interest income	3,350	10,709
Cash paid to grantees	(720,500)	(655,340)
Cash paid to employees and suppliers	(367,712)	(429,219)
Net cash provided by operating activities	97,861	35,491
Cash flows from investing activities:		
Additions to assets held by the Oregon Community Foundation (<i>note 5</i>)	(88,013)	(1,070)
Cash received on the sale of investments	384	-
Net cash used in investing activities	(87,629)	(1,070)
Cash flows from financing activities:		
Proceeds from contributions restricted to long-term investment	8,951	5,125
Cash received in the transfer of net assets from the Oregon Access to Justice Endowment Fund	-	88,349
Net cash provided by financing activities	8,951	93,474
Net increase in cash and cash equivalents	19,183	127,895
Cash and cash equivalents at beginning of year	678,065	550,170
Cash and cash equivalents at end of year	\$ 697,248	678,065

See accompanying notes to financial statements.

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED MARCH 31, 2009

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 91 legal aid attorneys in 19 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 more than \$14.9 million over the last seventeen years.

During the year ended March 31, 2009, 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.
- *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, state and federal funding, and direct fundraising from private attorneys.

The Campaign and its volunteers also work to increase state, federal and other private funding of organizations working on behalf of legal aid throughout the State. 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 Statement of Financial Accounting Standards ("SFAS") No. 116, *Accounting for Contributions Received and Contributions Made*, and SFAS No. 117, *Financial Statements of Not-for-Profit Organizations*. 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 \$350,000.

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, 2009, the Campaign recorded \$4,896 in contributed accounting services.

In-kind contribution of equipment and other materials and free use of facilities are recorded when there is an objective basis upon which to value the contributions where the contributions are an essential part of the Campaign's activities. During the year ended March 31, 2009, the Campaign recorded \$125 in contributed equipment.

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, 2009, the Campaign held \$250,909 in money market funds.

Investments – Investments are carried at market value. Net appreciation (decline) in the fair value of investments, which consists of the realized gains or losses and the unrealized appreciation (decline) of those investments, is shown in the statement of activities. Interest income is accrued as earned and is reported net of investment advisory fees. Security transactions are recorded on a trade date basis.

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 \$500 or more and an estimated useful life of more than one year are capitalized and carried at cost. Depreciation is provided on a straight-line basis over the estimated useful lives of the respective assets, which is generally 5 years for furniture and office equipment.

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 with SFAS No. 124, *Accounting for Certain Investments Held by Not-for-Profit Organizations*, 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, 2009, 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, 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, grants and contributions receivable, and the Campaign's beneficial interest in assets held by the Oregon Community Foundation ("OCF"). The Campaign's cash equivalents and other investments may subject the organization to concentrations of credit risk as, from time to time, cash balances may exceed amounts insured by the Federal Deposit Insurance Corporation, the market value of securities are dependent on the ability of the issuer to honor its contractual commitments, and the assets are subject to changes in market values.

The Campaign's beneficial interest in assets held by the Oregon Community Foundation (see note 5) is subject to changes in the market values of the underlying assets owned by OCF (from which the value of the Campaign's beneficial interest has been derived), and is also dependent on the value of the assets being commensurate with the value of distributions expected to be made to the Campaign by OCF in future years.

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 taxes under Section 501(c)(3) of the Internal Revenue Code and comparable state law. In addition, the Campaign has been recognized as a public charity under Section 509(a)(1) and 170(b)(1)(A)(vi) of the Internal Revenue Code.

Summarized Financial Information for 2008 – The accompanying financial information as of and for the year ended March 31, 2008, 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. New Accounting Pronouncements

During the year ended March 31, 2009, the Campaign adopted the following new accounting standards:

- Statement of Financial Accounting Standards No. 157 (“SFAS No. 157”), *Fair Value Measurements*, was issued by the Financial Accounting Standards Board (“FASB”) in September of 2006. This standard defines fair value, establishes a framework for measuring fair value in accounting principles generally accepted in the U.S., and expands disclosures about fair value measurements. The pronouncement applies under other accounting standards that require or permit fair value measurements. Accordingly, this statement does not require any new fair value measurements. See note 11.
- FASB Staff Position (“FSP”) No. 117-1, *Endowments of Not-for-Profit Organizations: Net Asset Classification of Funds Subject to an Enacted Version of the Uniform Prudent Management of Institutional Funds Act, and Enhanced Disclosures for All Endowment Funds*, was issued in August of 2008. 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 endowment funds. The guidance in FSP 117-1 is intended to improve the quality and consistency of financial reporting of endowments held by nonprofit organizations, and provides specific guidance on classifying the net assets associated with donor-restricted endowment funds held by organizations that are subject to an enacted version of UPMIFA. The FSP also requires additional disclosures about endowments. See note 7.

4. Grants and Contributions Receivable

Grants and contributions receivable totaled \$177,713 at March 31, 2009 and represented unconditional promises expected to be collected in less than one year as follows:

Contributions receivable	\$ 183,530
Grants receivable	27,500
	<hr/> 211,030
Less allowance for doubtful collection	(33,317)
	<hr/> \$ 177,713

5. 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 market value of \$199,472 at March 31, 2009) and the Jackson County Center for Non-profit Legal Services Endowment Fund (with an estimated market value of \$11,207 at March 31, 2009).

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. As of March 31, 2009, management believes that future distributions from OCF are capable of fulfillment and consistent with OCF's mission.

In accordance with SFAS No. 136, *Transfers of Assets to a Not-for-Profit Organization or Charitable Trust That Raises or Holds Contributions for Others*, 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, 2009 are summarized as follows:

Balance at beginning of year	\$ 203,874
Plus additions	88,013
Less decline in the fair market value of the funds	(81,208)
	<hr/> Balance at end of year
	\$ 210,679

Under the terms of its agreement with the Oregon Community Foundation, the funds are invested at the discretion of the Oregon Community Foundation 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 the Oregon Community Foundation'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, 2009, there were no distributions made to the Campaign.

Investments at March 31, 2009 are held for the following purposes:

Donor-restricted endowment funds	\$ 81,178
Funds designated by the Board of Directors for endowment	129,501
	<hr/> \$ 210,679

6. Furniture and Equipment

A summary of furniture and equipment at March 31, 2009, is as follows:

Office furniture and equipment	\$ 9,757
Less accumulated depreciation	(9,371)
	\$ 386
	\$ 386

7. Restrictions and Limitations on Net Asset Balances

Designated by the Board of Directors for Endowment

At March 31, 2009, the Campaign's Board of Directors had designated and set aside \$129,501 for endowment purposes.

Temporarily Restricted Net Assets

Temporarily restricted net assets at March 31, 2009 total \$29,560 and consist of contributions and grants restricted by donors for future periods.

Permanently Restricted Net Assets

At March 31, 2009, the Campaign held \$99,345 in endowment funds. The return generated by the investment of these permanently restricted net assets is restricted or unrestricted as follows:

Herbold Fund for the representation of the elderly	\$ 83,579
Services in Jackson County	12,000
Unrestricted	3,766
	\$ 99,345
	\$ 99,345

Cumulative Endowment Adjustment

From time to time, the fair value of assets associated with individual endowment funds may fall below the level that the donor or UPMIFA requires the organization to retain as a fund of perpetual duration. As of March 31, 2009, the Campaign had incurred cumulative investment losses on its donor-restricted endowment funds totaling \$9,716 in excess of unappropriated accumulated endowment earnings. Accordingly, in order to report the losses as required by SFAS No. 124, *Accounting for Certain Investments Held by Not-for-Profit Organizations*, the excess losses and appropriations have been classified as transactions of the unrestricted net asset class (general operating funds) and will be reinstated out of future endowment earnings.

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 organization's endowment-related activities for the year ended March 31, 2009:

	Donor-restricted endowment			Total	Board-designated endowment unrestricted	Total endowment
	Unrestricted	Temporarily restricted	Permanently restricted			
Endowment net assets at beginning of year	\$ -	22,612	90,394	113,006	178,381	291,387
Contributions	-	-	8,951	8,951	-	8,951
Net decline in beneficial interest in net assets held by the Oregon Community Foundation	(9,716)	(22,612)	-	(32,328)	(48,880)	(81,208)
Endowment net assets at end of year	\$ (9,716)	-	99,345	89,629	129,501	219,130

8. Net Assets Released From Restrictions

During the year ended March 31, 2009, the Campaign incurred \$194,453 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.

9. 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.

10. Operating Lease

The Campaign leases its office space under a lease agreement which expires on May 31, 2013. At March 31, 2009, the Campaign's aggregate lease commitments are as follows:

<i>Years ending March 31,</i>	
2010	\$ 20,694
2011	21,316
2012	22,606
2013	23,284
2014	3,902
	<hr/>
	\$ 91,802

Rent expense for the year ended March 31, 2009, totaled \$22,442.

11. Fair Value Measurements

Included in the accompanying financial statements are certain financial instruments carried at fair value. The fair value of an asset is the amount at which that asset could be bought or sold in a current transaction between willing parties, that is, other than in a forced or liquidation sale.

Fair values are based on quoted market prices when available. When market prices are not available, fair value is generally estimated using discounted cash flow analyses, incorporating current market inputs for similar financial instruments with comparable terms and credit quality. In instances where there is little or no market activity for the same or similar instruments, the organization estimates fair value using methods, models and assumptions that management believes market participants would use to determine a current transaction price. These valuation techniques involve some level of management estimation and judgment which becomes significant with increasingly complex instruments or pricing models. Where appropriate, adjustments are included to reflect the risk inherent in a particular methodology, model or input used.

The organization's financial assets and liabilities carried at fair value have been classified, for disclosure purposes, based on a hierarchy defined by SFAS No. 157, *Fair Value Measurements*. 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). An asset's or a liability's classification is based on the lowest level input that is significant to its measurement. For example, a Level 3 fair value measurement may include inputs that are both observable (Levels 1 and 2) and unobservable (Level 3).

The levels of the fair value hierarchy are as follows:

- *Level 1* – Values are unadjusted quoted prices for identical assets and liabilities in active markets accessible at the measurement date.
- *Level 2* – Inputs include quoted prices for similar assets or liabilities in active markets, quoted prices from those willing to trade in markets that are not active, or other inputs that are observable or can be corroborated by market data for the term of the instrument.
- *Level 3* – Certain inputs are unobservable (supported by little or no market activity) and significant to the fair value measurement. Unobservable inputs reflect the organization's best estimate of what hypothetical market participants would use to determine a transaction price for the asset or liability at the reporting date.

At March 31, 2009, the Campaign's beneficial interest in assets held by the Oregon Community Foundation is reported at market value on a recurring basis under Level 3, representing future cash in-flows 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 5 for a summary of the beneficial interest in assets held by OCF and the associated activity for the year ended March 31, 2009.

12. Reclassification of 2008 Comparative Totals

Certain 2008 amounts presented herein have been reclassified to conform to the 2009 presentation.

13. Statement of Cash Flows Reconciliation

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

Increase in net assets	\$ 30,126
<hr/>	
<i>Adjustments to reconcile increase in net assets to net cash provided by operating activities:</i>	
Depreciation	509
Provision for contributions receivable doubtful of collection	34,942
Net decline in the fair value of investments	984
Net decline in beneficial interest in assets held by the Oregon Community Foundation	81,208
Proceeds from contributions restricted for long-term investment	(8,951)
<i>Net changes in:</i>	
Grants and contributions receivable	(47,481)
Prepaid expenses	(9)
Accounts payable and accrued expenses	1,533
Grants payable	5,000
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Total adjustments	67,735
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Net cash provided by operating activities	\$ 97,861
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THE LAWYERS' CAMPAIGN FOR EQUAL JUSTICE

SCHEDULE OF FUNCTIONAL EXPENSES

YEAR ENDED MARCH 31, 2009
(WITH COMPARATIVE TOTALS FOR 2008)

	2009				Management and general
	Grants	Program services		Total	
		Education and outreach	Funding initiatives		
Grants	\$ 725,500	–	–	725,500	–
Salaries and related expenses	–	64,794	47,653	112,447	23,020
Contracts services	–	31,016	6,769	37,785	18,177
Printing	–	6,086	3,289	9,375	–
Postage and mailing	–	3,669	1,245	4,914	674
Office expenses	–	3,599	1,588	5,187	3,435
Occupancy	–	7,710	5,714	13,424	3,476
Telephone	–	1,334	808	2,142	400
Insurance	–	–	–	–	1,520
Travel and conferences	–	2,438	2,158	4,596	1,453
Bank fees	–	–	–	–	25
Depreciation	–	–	–	–	509
Other	–	1,098	625	1,723	627
Total expenses	\$ 725,500	121,744	69,849	917,093	53,316

<u>Supporting services</u>			
Fund-raising	Total	Total	2008
–	–	725,500	715,056
60,621	83,641	196,088	203,532
10,674	28,851	66,636	102,139
28,072	28,072	37,447	39,562
11,803	12,477	17,391	19,723
2,844	6,279	11,466	6,721
8,417	11,893	25,317	20,828
1,268	1,668	3,810	3,000
–	1,520	1,520	2,520
2,004	3,457	8,053	5,160
3,247	3,272	3,272	3,258
–	509	509	509
907	1,534	3,257	21,977
129,857	183,173	1,100,266	1,143,985

THE LAWYERS' CAMPAIGN FOR EQUAL JUSTICE

SCHEDULE OF CHANGES IN NET ASSETS

YEAR ENDED MARCH 31, 2009

	General operating fund	Designated by Board of Directors for endowment	Unrestricted Accumulated endowment losses	Net investment in capital assets
Operating revenues, gains and other support:				
Grants and contributions	\$ 988,046	-	-	-
Provision for contributions receivable doubtful of collection	(34,942)	-	-	-
In-kind contributions	5,021	-	-	-
Events revenue	10,075	-	-	-
Contract revenue	8,820	-	-	-
Investment income	3,350	-	-	-
Net decline in the fair value of investments	(984)	-	-	-
Total operating revenues and gains	979,386	-	-	-
Net assets released from restrictions	194,453	-	-	-
Total operating revenues, gains and other support	1,173,839	-	-	-
Expenses:				
Program services	917,093	-	-	-
Management and general	52,807	-	-	509
Fundraising	129,857	-	-	-
Total expenses	1,099,757	-	-	509
Increase (decrease) in net assets before non-operating activities	74,082	-	-	(509)
Non-operating activities:				
Endowment gifts	-	-	-	-
Net decline in beneficial interest in assets held by the Oregon Community Foundation	-	(48,880)	(9,716)	-
Increase (decrease) in net assets	74,082	(48,880)	(9,716)	(509)
Net assets at beginning of year	28,189	178,381	-	895
Net assets at end of year	\$ 102,271	129,501	(9,716)	386

Total	Donor restricted			Permanently restricted for endowment	Total
	Temporarily restricted		Total		
	Contributions	Endowment earnings			
988,046	223,263	—	223,263	—	1,211,309
(34,942)	—	—	—	—	(34,942)
5,021	—	—	—	—	5,021
10,075	—	—	—	—	10,075
8,820	—	—	—	—	8,820
3,350	—	—	—	—	3,350
(984)	—	—	—	—	(984)
979,386	223,263	—	223,263	—	1,202,649
194,453	(194,453)	—	(194,453)	—	—
1,173,839	28,810	—	28,810	—	1,202,649
917,093	—	—	—	—	917,093
53,316	—	—	—	—	53,316
129,857	—	—	—	—	129,857
1,100,266	—	—	—	—	1,100,266
73,573	28,810	—	28,810	—	102,383
—	—	—	—	8,951	8,951
(58,596)	—	(22,612)	(22,612)	—	(81,208)
14,977	28,810	(22,612)	6,198	8,951	30,126
207,465	750	22,612	23,362	90,394	321,221
222,442	29,560	—	29,560	99,345	351,347

THE LAWYERS' CAMPAIGN FOR EQUAL JUSTICE

GOVERNING BOARD AND MANAGEMENT

MARCH 31, 2009

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Lewis & Clark Legal Clinic

Ira Zarov
Professional Liability Fund

Management

Sandra Hansberger, *Executive Director*

Maya Crawford, *Associate Director*

THE LAWYERS' CAMPAIGN FOR EQUAL JUSTICE

INQUIRIES AND OTHER INFORMATION

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