



**GaryMcGee & Co. LLP**  
CERTIFIED PUBLIC ACCOUNTANTS

## **The Lawyers' Campaign for Equal Justice**

Financial Statements and Other Information  
as of and for the Year Ended March 31, 2022  
and Report of Independent Accountants

THE LAWYERS' CAMPAIGN FOR EQUAL JUSTICE

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## Management Discussion and Analysis of Financial Condition

August 2022

### Introduction

The Lawyers' Campaign for Equal Justice (CEJ) is providing this Management Discussion and Analysis (MD&A), to enable individuals to better understand our financial statements by providing a context by which our financial information may be analyzed.

The MD&A should be read in conjunction with the Financial Statements from our Fiscal Year End 2022 (March 31, 2022). Our Financial Audit was conducted by Gary McGee & Co. LLP and concluded in August 2022. It should also be read in conjunction with our Annual Report, which was published online in June 2022, and details programmatic successes.

### Mission

The CEJ is a nonprofit organization, exempt from federal income tax under Section 501(c)(3). The mission of the Lawyers' Campaign for Equal Justice is to strive to improve the well-being of the people of Oregon by supporting access to civil legal services to those who live in poverty by developing and distributing resources through fund raising, public education and law related projects.

### Strategies and Trends

Oregon lawyers created the Campaign for Equal Justice in 1991 to help make equal justice a reality for all Oregonians. Our supporters help the CEJ:

- operate an annual fund drive powered by nearly 300 volunteers;
- educate lawyers and communities about the importance of access to justice;
- work with lawyer volunteers and bar organizations to increase state and federal funding for legal aid; and
- operate an endowment fund to preserve the future of legal aid.

Since 1991, the Oregon legal community has raised more than \$32 million for legal aid in our annual fund drives. Our greatest asset is our dedicated team of staff and volunteers throughout the state, who carry out our mission of increasing access to justice for Oregon's vulnerable populations.

Fallout from the COVID-19 crisis continues to disparately impact vulnerable communities, especially in the realm of housing. Lawyers are trained to spot issues and quickly pivot to solve problems. Oregon's three legal aid programs are doing just that. They have responded quickly and comprehensively to the new challenges presented by the pandemic and housing crisis. The CEJ will continue to highlight the critical nature of legal aid's work, in an effort to increase their resources.

The CEJ continues to analyze our fundraising, education, and advocacy techniques to build on past successes. We are in the midst of our 2022-23 campaign year. The CEJ will continue to focus on strong communications, building partnerships within the legal community, and advocating for robust support of legal aid.

The CEJ will continue to operate our endowment. The funds are held by the Oregon Community Foundation on behalf of the CEJ. Under the terms of the CEJ's agreement with the Oregon Community Foundation, the funds are invested at the discretion of the OCF and are held in a mixture of asset classes designed to maximize return while minimizing risk. Our endowment currently is at over \$2 million dollars. The CEJ is confident in the ability of the Oregon Community Foundation to hold our endowment.

#### Governance

Our Board of Directors is comprised of twenty-one members, which include three members who serve as part of their duties as leaders of other legal organizations (Oregon State Bar President; Oregon Law Foundation President; new lawyer representative that alternates between the Oregon New Lawyers Division and the Multnomah Bar Association Young Lawyers Section). The CEJ's business is conducted by its employees, under the direction of its Executive Director. The original Board was named in 1993 and all future directors have been elected by a majority vote of the remaining directors then in office.

Nick Kampars  
*President*  
*Board of Directors*  
2021-2022

Maya Crawford Peacock  
*Executive Director*

REPORT OF INDEPENDENT ACCOUNTANTS

*The Board of Directors  
The Lawyer's Campaign for Equal Justice:*

*Opinion*

We have audited the accompanying financial statements of The Lawyers' Campaign for Equal Justice, which comprise the statement of financial position as of March 31, 2022, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the 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, 2022, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States.

*Basis for Opinion*

We conducted our audit in accordance with auditing standards generally accepted in the United States. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of the Campaign and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

*Responsibilities of Management for the Financial Statements*

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Campaign's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

*Auditor's Responsibilities for the Audit of the Financial Statements*

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than

for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Campaign's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Campaign's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

#### *Supplementary Information*

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of changes in net assets on pages 22 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 as a whole.

#### *Summarized Comparative Information*

The 2021 financial statements were reviewed by us and, our report thereon, dated November 16, 2021, stated we were not aware of any material modifications that should be made to those statements for them to be in conformity with accounting principles generally accepted in the United States. However, a review is substantially less in scope than an audit and does not provide a basis for the expression of an opinion on the financial statements. The summarized comparative information presented herein as of and for the year ended March 31, 2021 is derived from the 2021 financial statements and is consistent, in all material respects, with the reviewed financial statements from which it has been derived.



August 24, 2022

THE LAWYERS' CAMPAIGN FOR EQUAL JUSTICE

STATEMENT OF FINANCIAL POSITION

MARCH 31, 2022

(WITH COMPARATIVE AMOUNTS FOR 2021)

	2022	2021
<b>Assets:</b>		
Cash and cash equivalents	\$ 932,707	829,048
Grants and contributions receivable <i>(note 4)</i>	62,531	266,574
Other receivables	–	175,618
Beneficial interest in assets held by the Oregon Community Foundation <i>(note 5)</i>	2,061,064	1,875,909
Prepaid expenses and other assets	31,593	10,645
<b>Total assets</b>	<b>\$ 3,087,895</b>	<b>3,157,794</b>
<b>Liabilities:</b>		
Accounts payable and accrued expenses	14,600	22,057
Grants payable <i>(note 6)</i>	845,000	830,000
Conditional government grant – Paycheck Protection Program <i>(note 7)</i>	–	11,578
<b>Total liabilities</b>	<b>859,600</b>	<b>863,635</b>
<b>Net assets:</b>		
Without donor restrictions:		
Available for programs and general operations	157,368	219,189
Designated by the Board of Directors for endowment <i>(note 9)</i>	354,477	323,326
<b>Total without donor restrictions</b>	<b>511,845</b>	<b>542,515</b>
With donor restrictions <i>(note 8)</i> :		
For endowment	1,712,505	1,555,817
For operations and programs	3,945	195,827
<b>Total with donor restrictions</b>	<b>1,716,450</b>	<b>1,751,644</b>
<b>Total net assets</b>	<b>2,228,295</b>	<b>2,294,159</b>
Commitments <i>(notes 12 and 13)</i>		
<b>Total liabilities and net assets</b>	<b>\$ 3,087,895</b>	<b>3,157,794</b>

See accompanying notes to financial statements.

THE LAWYERS' CAMPAIGN FOR EQUAL JUSTICE

STATEMENT OF ACTIVITIES

YEAR ENDED MARCH 31, 2022  
(WITH COMPARATIVE TOTALS FOR 2021)

	2022		Total	2021
	Without donor restrictions	With donor restrictions		
Operating revenues, gains, and other support:				
Campaign contributions	\$ 1,099,385	49,708	1,149,093	1,111,135
Other private contributions and grants	117,500	–	117,500	102,500
Paycheck Protection Program grant ( <i>note 7</i> )	11,578	–	11,578	50,433
Interest income	3,129	–	3,129	3,526
Other income	150	–	150	25
Total operating revenues and gains	1,231,742	49,708	1,281,450	1,267,619
Net assets released from restrictions ( <i>note 10</i> )	295,816	(295,816)	–	–
Total operating revenues, gains, and other support	1,527,558	(246,108)	1,281,450	1,267,619
Expenses ( <i>note 11</i> ):				
Program services:				
Grants	1,074,214	–	1,074,214	1,026,216
Education and outreach	115,615	–	115,615	171,432
Funding initiatives	68,211	–	68,211	97,462
Total program services	1,258,040	–	1,258,040	1,295,110
Supporting services:				
Management and general	130,881	–	130,881	72,491
Fundraising	211,987	–	211,987	212,853
Total supporting services	342,868	–	342,868	285,344
Total expenses	1,600,908	–	1,600,908	1,580,454
Decrease in net assets before non-operating activities	(73,350)	(246,108)	(319,458)	(312,835)
Non-operating activities:				
Endowment gifts	–	5,918	5,918	3,234
Net change in beneficial interest in assets held by the Oregon Community Foundation ( <i>note 5</i> )	42,680	204,996	247,676	498,754
Total non-operating activities	42,680	210,914	253,594	501,988
Increase (decrease) in net assets	(30,670)	(35,194)	(65,864)	189,153
Net assets at beginning of year	542,515	1,751,644	2,294,159	2,105,006
Net assets at end of year	\$ 511,845	1,716,450	2,228,295	2,294,159

See accompanying notes to financial statements.

THE LAWYERS' CAMPAIGN FOR EQUAL JUSTICE

STATEMENT OF CASH FLOWS

YEAR ENDED MARCH 31, 2022  
(WITH COMPARATIVE TOTALS FOR 2021)

	2022	2021
Cash flows from operating activities:		
Cash received from donors and grantors	\$ 1,470,636	1,473,236
Cash paid out to grantees and other distributees	(1,059,214)	(1,016,587)
Cash paid to employees and suppliers	(554,481)	(536,215)
Cash refund received	175,000	–
Cy pres passthrough distribution	–	120,371
Cash received from interest income	3,129	3,526
Cash received from other sources	150	25
Distribution of investment return earned on assets held by the Oregon Community Foundation ( <i>note 5</i> )	65,755	56,603
Net cash provided by operating activities	100,975	100,959
Cash flows from investing activities:		
Additions to assets held by the Oregon Community Foundation ( <i>note 5</i> )	(3,234)	(100)
Net cash used in investing activities	(3,234)	(100)
Cash flows from financing activities:		
Proceeds from contributions restricted to long-term investment	5,918	3,234
Net cash provided by financing activities	5,918	3,234
Net increase in cash and cash equivalents	103,659	104,093
Cash and cash equivalents at beginning of year	829,048	724,955
Cash and cash equivalents at end of year	\$ 932,707	829,048

See accompanying notes to financial statements.

THE LAWYERS' CAMPAIGN FOR EQUAL JUSTICE

STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED MARCH 31, 2022  
(WITH COMPARATIVE TOTALS FOR 2021)

	2022									2021
	Program services				Supporting services					
	Grants	Education and outreach	Funding initiatives	Total	Management and general	Fund-raising	Shared costs	Total	Total	
Grants	\$ 1,074,214	–	–	1,074,214	–	–	–	–	1,074,214	1,026,216
Salaries and related expenses	–	84,483	50,194	134,677	69,541	96,997	17,415	183,953	318,630	319,995
Contract services	–	–	–	–	39,192	378	8,312	47,882	47,882	24,097
Event expenses	–	70	–	70	–	21,000	7,995	28,995	29,065	64,156
Printing	–	–	–	–	–	12,713	575	13,288	13,288	28,411
Postage and mailing	–	110	55	165	368	8,982	1,816	11,166	11,331	12,706
Office expenses	–	80	43	123	19	411	12,521	12,951	13,074	14,534
Occupancy	–	–	–	–	–	–	40,791	40,791	40,791	40,455
Telecommunications	–	–	–	–	–	–	5,482	5,482	5,482	6,055
Insurance	–	–	–	–	2,455	–	–	2,455	2,455	3,442
Travel and conferences	–	214	–	214	1,702	775	4,141	6,618	6,832	2,177
Bank and other fees	–	–	–	–	150	32,749	–	32,899	32,899	33,777
Other	–	820	–	820	757	530	2,858	4,145	4,965	4,433
Shared costs allocation	–	29,838	17,919	47,757	16,697	37,452	(101,906)	(47,757)	–	–
<b>Total expenses</b>	<b>\$ 1,074,214</b>	<b>115,615</b>	<b>68,211</b>	<b>1,258,040</b>	<b>130,881</b>	<b>211,987</b>	<b>–</b>	<b>342,868</b>	<b>1,600,908</b>	<b>1,580,454</b>

See accompanying notes to financial statements.

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED MARCH 31, 2022

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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 111 legal aid attorneys in 18 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 \$32 million over the last 31 years in its annual fund drive.

During the year ended March 31, 2022, the Campaign incurred program service expenses in the following major categories:

- *Grants* – Each year, the Campaign provides financial support to the Oregon Law Center, Legal Aid Services of Oregon, Disability Rights Oregon, and the Center for Nonprofit Legal Services in Jackson County.
- *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 not all of the legal needs of low-income Oregonians can be met with current resources, the Campaign also works to increase the overall field's funding through grants, foundation support, and state and federal funding to other organizations. 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* – Net assets, revenues, gains and losses 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:

- *Net assets without donor restrictions* – Net assets available for use in general operations and not subject to donor-imposed stipulations. From time to time, the Campaign's Board of Directors may designate a portion of these net assets for particular purposes and objectives.
- *Net assets with donor restrictions* – 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 donor-restricted contributions and investment return to be used for specific programs and activities as directed by the donor. The balances also include net assets subject to donor-imposed stipulations that they be maintained permanently by the Campaign (e.g., endowment funds). 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 net assets without donor restrictions. Gains and losses on investments and other assets or liabilities are also reported as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulation or by law. Expirations of donor-imposed 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 management, such differences, if any, would not be significant.

**Revenue Recognition** – With regard to revenues from grants and contracts, the Campaign evaluates whether each transfer of assets is (1) an exchange (reciprocal) transaction in which a resource provider receives commensurate value in return for the assets transferred, or (2) a nonreciprocal transfer (a contribution or a grant), where no value is exchanged.

- **Exchange Transactions** – If the transfer of assets is determined to be an exchange transaction, the Campaign recognizes revenue when or as it satisfies the required performance obligations and transfers the promised good or service to a customer, and when the customer obtains control of that good or service.
- **Contributions and Grants** – If the transfer of assets is determined to be a contribution, the Campaign evaluates whether the contribution is conditional based upon whether the agreement includes both (1) a barrier that must be overcome to be entitled to the funds and (2) either a right of return of assets transferred or a right of release of a promisor's obligation to transfer 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 probate courts declare the testamentary instrument valid and the proceeds are measurable.

During the year ended March 31, 2022, the Campaign did not generate any revenues from exchange transactions.

**Contributions** – Contributions, which include unconditional promises to give (pledges), are recognized as revenues in the period the donor's commitment is 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.

Contributions and grants received with donor stipulations that limit the use of the donated assets are reported as net assets with donor restrictions.

Unconditional promises to give with payments due in future periods, are recorded as increases in net assets with donor restrictions at the estimated present value of future cash flows using credit adjusted discount rates which articulate to the collection period of the respective pledge. Such discount rates are not subsequently revised. Amortization of the discount is recorded as additional contribution revenue in subsequent years in the appropriate net asset class.

Unconditional contributions and grants receivable are reported net of an allowance for estimated uncollectible promises. Promises to give are written off when deemed uncollectible.

When a donor restriction expires, that is, when a time restriction ends or a purpose restriction is fulfilled, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

Conditional contributions and grants with donor- or grantor-imposed restrictions are recorded as net assets without donor restrictions if those conditions and restrictions are satisfied in the same reporting period.

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

**In-Kind Contributions** – A number of unpaid volunteers have made significant contributions of their time to develop and implement the Campaign’s programs. Under generally accepted accounting principles, 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, 2022, no contributed services were recorded.

In-kind contributions of land, buildings, equipment, and other materials are recorded where there is an objective basis upon which to value these contributions and where the contributions are an essential part of the Campaign’s activities. During the year ended March 31, 2022, no contributed materials were recorded.

**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.

**Capital Assets and Depreciation** – Generally, capital assets with an estimated useful life of more than one year, and in excess of \$1,500 are capitalized, and reported at cost when purchased and initially at fair value when acquired by gift. As of March 31, 2022, the Campaign did not hold any capital assets with a unit cost greater than \$1,500.

**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.

**Operating Results** – Results from operations in the statement of activities reflect all transactions increasing or decreasing net assets without restrictions 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 cash equivalents, which may subject the organization to concentrations of credit risk as, from time to time, for example, cash balances may exceed amounts insured by the Federal Deposit Insurance Corporation (“FDIC”). Management has mitigated this risk by maintaining a Demand Deposit Marketplace<sup>SM</sup> account that automatically sweeps balances in excess of \$250,000 to accounts held by other FDIC insured banking institutions that participate in this program. At March 31, 2022, the Campaign held \$45,411 in excess of FDIC insurance.

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 taxes under Section 501(c)(3) of the Internal Revenue Code and comparable state law, and derives its public charity status as an organization described in Sections 170(b)(1)(A)(vi) and 509(a)(1) of the Internal Revenue Code.

**Subsequent Events** – Subsequent events have been evaluated by management through August 24, 2022, which is the date the financial statements were available to be issued.

Summarized Financial Information for 2021 – The accompanying financial information as of and for the year ended March 31, 2021, 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. Recently-Issued Accounting Standard

In February 2016, the FASB issued ASU No. 2016-02, *Leases (Topic 842)*, which requires lessees to recognize a liability and right of use asset for all leases with terms longer than 12 months. The guidance in this ASU supersedes the leasing guidance in Topic 840, *Leases*. The new standard is effective for the Campaign’s annual reporting period ending March 31, 2023. A modified retrospective transition approach is required for lessees for leases at, or entered into after, the beginning of the earliest comparative period presented in the financial statements, or as of the effective date of adoption, with certain practical expedients available. The campaign is currently evaluating the impact of the pending adoption of the new standard on its financial statements.

### 4. Grants and Contributions Receivable

Grants and contributions receivable totaled \$62,531 at March 31, 2022 and represented unconditional promises expected to be collected in less than one year as follows:

Contributions receivable	\$ 94,190
Less allowance for doubtful collection	(31,659)
	\$ 62,531

### 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 fair value of \$2,024,873 at March 31, 2022, 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 \$36,191 at March 31, 2022).

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. 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, 2022 are summarized as follows:

Balance at beginning of year	\$ 1,875,909
Plus additions	3,234
Add increase in the fair market value of the funds	247,676
Less the distribution of investment return to the Campaign	(65,755)
	\$ 2,061,064

*Continued*

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 bi-annual distributions of investment return in accordance with OCF’s spending policies (currently, 4.3% 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, 2022, the Campaign received total distributions of \$65,755.

At March 31, 2022 these assets are held for the following purposes:

Donor-restricted endowment funds	\$ 1,126,091
Unappropriated endowment earnings	580,496
Funds designated by the Board of Directors for endowment	354,477
	\$ 2,061,064

In addition, the Campaign held \$5,918 of endowment funds in cash and cash equivalents at March 31, 2022.

#### 6. Grants Payable

Grants payable at March 31, 2022 represent \$845,000 in unconditional promises to give expected to be paid in less than one year.

#### 7. Conditional Government Grant – Paycheck Protection Program

On January 28, 2021, the Campaign was granted an unsecured loan from a commercial bank in the amount of \$62,011, pursuant to the Paycheck Protection Program (the “PPP”) under the Economic Aid Act which was enacted December 27, 2020.

The bank’s loan is guaranteed by the U.S. Small Business Administration (“SBA”), and is designed to provide a direct incentive for small businesses and nonprofits to keep their employees on payroll during the COVID-19 pandemic. The SBA has promised to forgive the loan if all employees are kept on the payroll and if the funds are used for payroll, rent, mortgage interest, and/or utilities, and certain other conditions are met.

In accordance with the provisions of the PPP and SBA’s promise of forgiveness, the Campaign used the entire loan amount for the qualifying expenses. Accordingly, the Campaign has accounted for the PPP proceeds as a conditional government grant under ASC 958-605, *Not-for-Profit Entities: Revenue Recognition*.

During the year ended March 31, 2022, the Campaign recognized \$11,578 of the proceeds as contributed revenue and obtained formal forgiveness for the PPP loan totaling \$62,011.

8. Net Assets with Donor Restrictions

The following summarizes the Campaign's net assets with donor-imposed restrictions as of March 31, 2022:

<i>Expendable net assets unrestricted as to purpose, but restricted as to time:</i>	
Pledges to benefit the Campaign's general operations in future periods	\$ 3,945

*Endowment restricted for the following purposes:*

Herbold Fund for the representation of elderly Services in Jackson County	335,201
	36,191
	<hr/> 371,392
Endowment unrestricted as to purpose	1,341,113
	<hr/> 1,712,505
Total endowment	1,712,505
	<hr/>
Total net assets with donor restrictions	\$ 1,716,450

9. Endowment

The Campaign's endowment 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, 2022:

	<u>With donor restrictions</u>			Without donor restrictions	Total endowment
	Accumulated endowment return	Endowment principal	Total		
Endowment net assets at beginning of year	\$ 429,726	1,126,091	1,555,817	323,326	1,879,143
Contributions	-	5,918	5,918	-	5,918
Net increase in the beneficial interest in assets held by the Oregon Community Foundation	204,996	-	204,996	42,680	247,676
Appropriation of endowment assets for expenditure	(54,226)	-	(54,226)	(11,529)	(65,755)
Endowment net assets at end of year	\$ 580,496	1,132,009	1,712,505	354,477	2,066,982

*Continued*

Interpretation of Relevant Law – The Uniform Prudent Management of Institutional Funds Act (“UPMIFA”) governs Oregon charitable institutions with respect to the management, investment and expenditure of donor-restricted endowment funds. The Campaign’s 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 endowment principal (1) the original value of gifts donated to the donor-restricted endowment, (2) subsequent gifts to the endowment, and (3) accumulations to the endowment made pursuant to the direction of the applicable donor gift instrument.

Net earnings (realized and unrealized) on the investment of endowment assets are classified as accumulated endowment return 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 endowment principal represents only those amounts required to be retained permanently as a result of explicit donor stipulations.

In the absence of donor stipulations or law to the contrary, losses or appropriations of a donor-restricted endowment reduce accumulated endowment return to the extent that donor-imposed restrictions on net appreciation of the fund have not been satisfied before the loss or appropriation occurs. Any remaining loss or appropriation reduces endowment principal.

Endowments with Deficiencies – From time to time, the fair value of assets associated with individual donor-restricted endowments may fall below the level that the donor or UPMIFA requires the Campaign to retain as a fund of perpetual duration. In addition, the Campaign’s Board of Directors interprets UPMIFA to permit spending from endowments whose fair value is below the original gift value in accordance with prudent measures required under law, and the Campaign has a policy that permits spending from endowments whose fair value is below the original gift value depending on the degree to which the fund’s value is below the original gift value. At March 31, 2022, no deficiencies were reported in net assets with donor restrictions.

Investment and Spending Policies – In accordance with UPMIFA, the Campaign’s Board of Directors has adopted investment and spending policies for endowment assets that attempt to 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.

*Continued*

Actual endowment return earned in excess of distributions under this policy is reinvested as part of the Campaign's endowment management. For years where actual endowment return is less than distributions under the policy, the short-fall is covered by realized and unrealized returns from prior years. If cumulative endowment return is exhausted, any remaining loss or appropriation reduces endowment principal. In years where the overall endowment's value is below the original gift value, the Board may permit continued spending from principal only in accordance with its policies for spending from endowments whose value is below the original gift value. See *Endowments with Deficiencies*.

During the year ended March 31, 2022, the Campaign's Board of Directors appropriated \$65,755 for expenditure, including \$54,226 from endowment assets with donor restrictions and \$11,529 from endowment assets without donor restrictions.

#### 10. Net Assets Released from Restrictions

During the year ended March 31, 2022, the Campaign incurred \$295,816 in expenses in satisfaction of the restricted purposes specified by donors, or satisfied the restrictions by the occurrence of other events.

#### 11. 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. Expenses by natural classification are presented in the statement of functional expenses.

The financial statements report certain categories of expenses that are attributable to one or more program or supporting functions of the Campaign, and therefore require allocation on a reasonable basis that is consistently applied. Those expenses include salaries and wages, benefits, payroll taxes, contract services, office expenses, information technology, interest, insurance, and other expenses, which are allocated on the basis of estimates of time and effort.

#### 12. Retirement Plan

The Campaign has established a Section 401(k) defined contribution plan for all employees over age 18. Employees may elect to make voluntary contributions to the plan on a pre-tax basis, up to the limits allowed by law. The Campaign may, at their sole discretion, elect to make discretionary matching contributions to the plan. All contributions are vested fully at the time they are made. Contributions by the Campaign to the plan for the year ended March 31, 2022 totaled \$15,004.

#### 13. Operating Lease

The Campaign leases its office space, as well as certain office equipment, under noncancelable lease agreements that expire on various dates through February of 2027. At March 31, 2022, the Campaign's aggregate lease commitments are as follows:

<i>Years ending March 31,</i>	
2023	\$ 49,327
2024	50,573
2025	35,775
2026	2,508
2027	2,508
	\$ 140,691

Payments for such leases for the year ended March 31, 2022 totaled \$49,480.

## 14. Fair Value Measurements

Included in the accompanying financial statements are certain financial instruments carried at fair value. These instruments include a beneficial interest in assets held by OCF.

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; similarly, the fair value of a liability is the amount at which the liability could be transferred in a current transaction between willing parties. 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.

All financial assets and liabilities carried at fair value have been classified, for disclosure purposes, based on a hierarchy defined under generally accepted accounting principles. The hierarchy gives the highest ranking to fair values determined using unadjusted quoted prices in active markets for identical assets and liabilities and the lowest ranking to fair values determined using methodologies and models with unobservable inputs, 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 Campaign'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, 2022, the Campaign's beneficial interest in assets held by OCF is reported at fair 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, 2022.

## 15. Liquidity and Availability of Financial Assets

Financial assets available for general expenditure within one year of the statement of financial position date comprise the following at March 31, 2022:

<i>Total financial assets available:</i>	
Cash and cash equivalents	\$ 932,707
Grants and contributions receivable	62,531
Beneficial interest in assets held by the Oregon Community Foundation	2,061,064
	3,056,302
<i>Less financial assets not available within the year ending March 31, 2023:</i>	
Financial assets restricted by donors for endowment (note 9)	(1,712,505)
Financial assets designated by the Board for quasi-endowment (note 9)	(354,477)
	(2,066,982)
<i>Plus other funds subject to appropriation for expenditure:</i>	
Fiscal year 2023 endowment appropriations for operations	70,000
	\$ 1,059,320

As part of its liquidity management, the Campaign has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations become due.

In addition, the Campaign holds quasi-endowment funds totaling \$354,477. Although the Campaign does not intend to spend from its quasi-endowment other than amounts appropriated for general expenditure as part of its annual budget approval and appropriation process, amounts from its quasi-endowment could be made available if necessary.

## 16. 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 provided by operating activities (as reported on the statement of cash flows):

Decrease in net assets	\$ (65,864)
<i>Adjustments to reconcile decrease in net assets to net cash provided by operating activities:</i>	
Net change in beneficial interest in assets held by the Oregon Community Foundation	(247,676)
Distribution of investment return earned on assets held by the Oregon Community Foundation (note 5)	65,755
Proceeds from contributions restricted for long-term investment	(5,918)
<i>Net changes in:</i>	
Grants and contributions receivable	204,043
Other receivables	175,618
Prepaid expenses and other assets	(20,948)
Accounts payable and accrued expenses	(7,457)
Grants payable	15,000
Conditional government grant – Paycheck Protection Program	(11,578)
Total adjustments	166,839
Net cash provided by operating activities	\$ 100,975

THE LAWYERS' CAMPAIGN FOR EQUAL JUSTICE

SCHEDULE OF CHANGES IN NET ASSETS

YEAR ENDED MARCH 31, 2022

	Net assets without donor restrictions			Net assets with donor restrictions				Total
	General operating fund	Designated by Board of Directors for endowment	Total	Contributions	Endowment earnings	Endowment corpus	Total	
Operating revenues, gains, and other support:								
Grants and contributions	\$ 1,228,463	–	1,228,463	49,708	–	–	49,708	1,278,171
Interest income	3,129	–	3,129	–	–	–	–	3,129
Other income	150	–	150	–	–	–	–	150
<b>Total operating revenues and gains</b>	<b>1,231,742</b>	<b>–</b>	<b>1,231,742</b>	<b>49,708</b>	<b>–</b>	<b>–</b>	<b>49,708</b>	<b>1,281,450</b>
Net assets released from restrictions	307,345	(11,529)	295,816	(241,590)	(54,226)	–	(295,816)	–
<b>Total operating revenues, gains, and other support</b>	<b>1,539,087</b>	<b>(11,529)</b>	<b>1,527,558</b>	<b>(191,882)</b>	<b>(54,226)</b>	<b>–</b>	<b>(246,108)</b>	<b>1,281,450</b>
Expenses:								
Program services	1,258,040	–	1,258,040	–	–	–	–	1,258,040
Management and general	130,881	–	130,881	–	–	–	–	130,881
Fundraising	211,987	–	211,987	–	–	–	–	211,987
<b>Total expenses</b>	<b>1,600,908</b>	<b>–</b>	<b>1,600,908</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>1,600,908</b>
Decrease in net assets before non-operating activities	(61,821)	(11,529)	(73,350)	(191,882)	(54,226)	–	(246,108)	(319,458)
Non-operating activities:								
Endowment gifts	–	–	–	–	–	5,918	5,918	5,918
Net change in beneficial interest in assets held by the Oregon Community Foundation	–	42,680	42,680	–	204,996	–	204,996	247,676
<b>Increase (decrease) in net assets</b>	<b>(61,821)</b>	<b>31,151</b>	<b>(30,670)</b>	<b>(191,882)</b>	<b>150,770</b>	<b>5,918</b>	<b>(35,194)</b>	<b>(65,864)</b>
Net assets at beginning of year	219,189	323,326	542,515	195,827	429,726	1,126,091	1,751,644	2,294,159
<b>Net assets at end of year</b>	<b>\$ 157,368</b>	<b>354,477</b>	<b>511,845</b>	<b>3,945</b>	<b>580,496</b>	<b>1,132,009</b>	<b>1,716,450</b>	<b>2,228,295</b>

THE LAWYERS' CAMPAIGN FOR EQUAL JUSTICE

GOVERNING BOARD AND MANAGEMENT

MARCH 31, 2022

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