



Gary McGee & 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, 2019
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 financial statements of The Lawyers' Campaign for Equal Justice, which comprise the statement of financial position as of March 31, 2019, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility 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; this includes 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. 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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the organization's preparation and fair presentation of the financial statements 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 organization's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

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, 2019, 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.

Emphasis of Matter

As discussed in note 3 to the financial statements, in 2019 the Lawyers' Campaign for Equal Justice adopted Financial Accounting Standards Board Accounting Standards Update ("ASU") No. 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*. Our opinion is not modified with respect to this matter.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule on page 18 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

We have previously audited The Lawyers' Campaign for Equal Justice's 2018 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated July 17, 2018. In our opinion, the summarized comparative information presented herein as of and for the year ended March 31, 2018 is consistent, in all material respects, with the audited financial statements from which it has been derived.

 Gayi & Co. LLP

July 2, 2019

THE LAWYERS' CAMPAIGN FOR EQUAL JUSTICE

STATEMENT OF FINANCIAL POSITION

MARCH 31, 2019

(WITH COMPARATIVE AMOUNTS FOR 2018)

	2019	2018
Assets:		
Cash and cash equivalents	\$ 645,829	674,153
Grants and contributions receivable <i>(note 4)</i>	131,459	131,193
Beneficial interest in assets held by the Oregon Community Foundation <i>(note 5)</i>	1,365,975	1,217,528
Prepaid expenses and other assets	9,331	10,669
Total assets	\$ 2,152,594	2,033,543
Liabilities:		
Accounts payable and accrued expenses	7,070	3,634
Grants payable <i>(note 6)</i>	715,000	750,000
Total liabilities	722,070	753,634
Net assets:		
Without donor restrictions:		
Available for programs and general operations	24,286	(784)
Designated by the Board of Directors for endowment	277,792	271,908
Total without donor restrictions	302,078	271,124
With donor restrictions <i>(notes 7 and 8)</i>	1,128,446	1,008,785
Total net assets	1,430,524	1,279,909
Commitments <i>(notes 11 and 14)</i>		
Total liabilities and net assets	\$ 2,152,594	2,033,543

See accompanying notes to financial statements.

THE LAWYERS' CAMPAIGN FOR EQUAL JUSTICE

STATEMENT OF ACTIVITIES

YEAR ENDED MARCH 31, 2019
(WITH COMPARATIVE TOTALS FOR 2018)

	2019		Total	2018
	Without donor restrictions	With donor restrictions		
Operating revenues, gains, and other support:				
Grants and contributions	\$ 1,163,851	57,207	1,221,058	1,247,256
In-kind contributions	3,901	—	3,901	4,445
Ticket revenue	10,020	—	10,020	10,905
Interest income	919	—	919	465
Total operating revenues and gains	1,178,691	57,207	1,235,898	1,263,071
Net assets released from restrictions (<i>note 9</i>)	96,871	(96,871)	—	—
Total operating revenues, gains, and other support	1,275,562	(39,664)	1,235,898	1,263,071
Expenses (<i>note 10</i>):				
Program services:				
Grants	715,000	—	715,000	750,000
Education and outreach	169,369	—	169,369	156,399
Funding initiatives	101,848	—	101,848	94,615
Total program services	986,217	—	986,217	1,001,014
Supporting services:				
Management and general	67,404	—	67,404	60,863
Fundraising	203,047	—	203,047	199,888
Total supporting services	270,451	—	270,451	260,751
Total expenses	1,256,668	—	1,256,668	1,261,765
Increase (decrease) in net assets before non-operating activities	18,894	(39,664)	(20,770)	1,306
Non-operating activities:				
Endowment gifts	—	116,681	116,681	505,143
Net change in beneficial interest in assets held by the Oregon Community Foundation (<i>note 5</i>)	12,060	42,644	54,704	67,046
Total non-operating activities	12,060	159,325	171,385	572,189
Increase in net assets	30,954	119,661	150,615	573,495
Net assets at beginning of year	271,124	1,008,785	1,279,909	706,414
Net assets at end of year	\$ 302,078	1,128,446	1,430,524	1,279,909

See accompanying notes to financial statements.

THE LAWYERS' CAMPAIGN FOR EQUAL JUSTICE

STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED MARCH 31, 2019
(WITH COMPARATIVE TOTALS FOR 2018)

	2019								2018
	Program services				Supporting services				
	Grants	Education and outreach	Other funding initiatives	Total	Management and general	Fund-raising	Total	Total	
Grants	\$ 715,000	–	–	715,000	–	–	–	715,000	750,000
Salaries and related expenses	–	94,649	71,680	166,329	31,871	102,837	134,708	301,037	283,084
Contract services	–	3,520	1,717	5,237	21,582	2,593	24,175	29,412	33,925
Event expenses	–	37,622	5,467	43,089	–	12,851	12,851	55,940	46,248
Printing	–	6,090	5,473	11,563	697	19,223	19,920	31,483	33,922
Postage and mailing	–	3,024	1,057	4,081	499	17,554	18,053	22,134	20,215
Office expenses	–	5,254	3,032	8,286	2,000	5,283	7,283	15,569	14,700
Occupancy	–	11,253	8,627	19,880	5,251	12,378	17,629	37,509	32,360
Telephone	–	2,116	887	3,003	581	2,242	2,823	5,826	6,192
Insurance	–	–	–	–	3,289	–	3,289	3,289	3,532
Travel and conferences	–	4,244	3,460	7,704	597	2,729	3,326	11,030	10,475
Bank fees	–	619	–	619	–	24,280	24,280	24,899	23,877
Other	–	978	448	1,426	1,037	1,077	2,114	3,540	3,235
Total expenses	\$ 715,000	169,369	101,848	986,217	67,404	203,047	270,451	1,256,668	1,261,765

See accompanying notes to financial statements.

THE LAWYERS' CAMPAIGN FOR EQUAL JUSTICE

STATEMENT OF CASH FLOWS

YEAR ENDED MARCH 31, 2019
(WITH COMPARATIVE TOTALS FOR 2018)

	2019	2018
Cash flows from operating activities:		
Cash received from donors and grantors	\$ 1,233,392	1,282,113
Cash received from other sources	10,020	10,905
Cash received from interest income	919	465
Distribution of investment return earned on assets		
Held by the Oregon Community Foundation (<i>note 5</i>)	27,120	—
Cash paid to grantees	(750,000)	(750,000)
Cash paid to employees and suppliers	(532,993)	(514,502)
Net cash provided by (used in) operating activities	(11,542)	28,981
Cash flows from investing activities:		
Additions to assets held by the		
Oregon Community Foundation (<i>note 5</i>)	(120,863)	(510,028)
Net cash used in investing activities	(120,863)	(510,028)
Cash flows from financing activities:		
Proceeds from contributions restricted		
to long-term investment	104,081	505,143
Net cash provided by financing activities	104,081	505,143
Net increase (decrease) in cash and cash equivalents	(28,324)	24,096
Cash and cash equivalents at beginning of year	674,153	650,057
Cash and cash equivalents at end of year	\$ 645,829	674,153

See accompanying notes to financial statements.

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED MARCH 31, 2019

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 more than \$28 million over the last 28 years in its annual fund drive.

During the year ended March 31, 2019, 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, the Center for Nonprofit Legal Services in Jackson County, and others.
- *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 15% 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 organization 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.

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. Promises to give are written off when deemed uncollectible.

Unconditional contributions and grants receivable are reported net of an allowance for estimated uncollectible promises.

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 consolidated statement of activities as net assets released from restrictions.

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, 2019, 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, 2019, the Campaign recorded \$3,901 in contributed materials.

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 currently is a beneficiary of various wills and trusts for amounts totaling approximately \$2,030,000.

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, 2019, the Campaign held \$244,081 in money market funds.

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, 2019, 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.

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 organization'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. Management believes that risk with respect to these balances is minimal, due to the high credit quality of the institutions used.

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 July 2, 2019, which is the date the financial statements were available to be issued.

Summarized Financial Information for 2018 – The accompanying financial information as of and for the year ended March 31, 2018, 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-Adopted Accounting Standards

On August 18, 2016, the Financial Accounting Standards Board (“FASB”) issued Accounting Standards Update (“ASU”) No. 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*. The update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and the availability of resources, and the lack of consistency in the type of information provided about expenses and investment return.

The Campaign implemented ASU No. 2016-14 during 2019 and has adjusted the presentation of these financial statements accordingly.

Net assets at March 31, 2018, as previously reported, are reclassified as follows:

	Without donor restrictions	With donor restrictions	Total
Unrestricted	\$ 271,124	–	271,124
Temporarily restricted	–	206,321	206,321
Permanently restricted	–	802,464	802,464
	\$ 271,124	1,008,785	1,279,909

4. Grants and Contributions Receivable

Grants and contributions receivable totaled \$131,459 at March 31, 2019 and represented unconditional promises expected to be collected in less than one year as follows:

Contributions receivable	\$ 156,153
Less allowance for doubtful collection	(24,694)
	\$ 131,459

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 \$1,340,989 at March 31, 2019, 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 \$24,986 at March 31, 2019).

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, 2019 are summarized as follows:

Balance at beginning of year	\$ 1,217,528
Plus additions	120,863
Plus increase in the fair market value of the funds	54,704
Less the distribution of investment return to the Campaign	(27,120)
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Balance at end of year	\$ 1,365,975

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, 4.45% 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, 2019, the Campaign received total distributions of \$27,120.

At March 31, 2019 these assets are held for the following purposes:

Donor-restricted endowment funds	\$ 904,562
Unappropriated endowment earnings	183,621
Funds designated by the Board of Directors for endowment	277,792
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	\$ 1,365,975

In addition, the Campaign held \$12,600 and \$1,983 of endowment funds in grant and contributions receivable and cash and cash equivalents, respectively, at March 31, 2019.

6. Grants Payable

Grants payable at March 31, 2019 represent \$715,000 in unconditional promises to give expected to be paid in less than one year.

7. Net Assets with Donor Restrictions

The following summarizes the Campaign's net assets with donor-imposed restrictions as of March 31, 2019:

<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	\$ 25,680
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<i>Endowment restricted for the following purposes:</i>	
Herbold Fund for the representation of elderly Services in Jackson County	249,355
	24,986
	<hr/>
	274,341
Endowment unrestricted as to purpose	828,425
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Total endowment	1,102,766
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Total net assets with donor restrictions	\$ 1,128,446

8. 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, 2019:

	With donor restrictions			Without donor restrictions	Total endowment
	Accumulated endowment return	Endowment principal	Total		
Endowment net assets at beginning of year	\$ 161,921	802,464	964,385	271,908	1,236,293
Contributions	–	116,681	116,681	–	116,681
Net increase in the beneficial interest in assets held by the Oregon Community Foundation	42,644	–	42,644	12,060	54,704
Appropriation of endowment assets for expenditure	(20,944)	–	(20,944)	(6,176)	(27,120)
Endowment net assets at end of year	\$ 183,621	919,145	1,102,766	277,792	1,380,558

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 underwater endowments in accordance with prudent measures required under law, and the Campaign has a policy that permits spending from underwater endowment funds depending on the degree to which the fund is underwater.

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.

Actual endowment return earned in excess of distributions under this policy is reinvested as part of the Campaign’s endowment management and is reported as a non-operating item in the accompanying statement of activities. 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 is underwater, the Board may permit continued spending from principal only in accordance with its policies for spending from underwater endowments. See *Endowments with Deficiencies*.

During the year ended March 31, 2019, the Campaign’s Board of Directors appropriated \$27,120 for expenditure, including \$20,944 from endowment assets with donor restrictions and \$6,176 from endowment assets without donor restrictions.

9. Net Assets Released from Restrictions

During the year ended March 31, 2019, the Campaign incurred \$96,871 in expenses in satisfaction of the restricted purposes specified by donors, or satisfied the restrictions by the occurrence of other events.

10. 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.

The financial statements report certain categories of expenses that are attributable to one or more program or supporting functions of the organization, 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.

11. Operating Lease

The Campaign leases its office space, as well as certain office equipment, under noncancellable lease agreements that expire on various dates through November of 2024. At March 31, 2019, the Campaign's aggregate lease commitments are as follows:

<i>Years ending March 31,</i>	
2020	\$ 42,672
2021	42,994
2022	44,169
2023	41,551
2024	42,797
Thereafter	29,316
	<hr/>
	\$ 243,499

Payments for such leases for the year ended March 31, 2019 totalled \$43,579.

12. Fair Value Measurements

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

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, 2019, 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 5 for a summary of the beneficial interest in assets held by OCF and the associated activity for the year ended March 31, 2019.

13. 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, 2019:

<i>Total financial assets available:</i>	
Cash and cash equivalents	\$ 645,829
Grants and contributions receivable	131,459
Beneficial interest in assets held by the Oregon Community Foundation	1,365,975
	2,143,263
<i>Less financial assets not available within the year ending March 31, 2020:</i>	
Financial assets restricted by donors for endowment (note 8)	(1,102,766)
Financial assets designated by the Board for quasi-endowment (note 8)	(277,792)
	(1,380,558)
<i>Plus other funds subject to appropriation for expenditure:</i>	
Fiscal year 2020 endowment appropriations for operations	54,945
	54,945
	\$ 817,650

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 \$277,792. 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.

14. Subsequent Event

Subsequent to the year ended March 31, 2019, the Campaign established a Section 401(k) defined contribution plan for all employees over age 21. 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.

15. 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 used in operating activities (as reported on the statement of cash flows):

Increase in net assets	\$ 150,615
<i>Adjustments to reconcile increase in net assets to net cash used in operating activities:</i>	
Net change in beneficial interest in assets held by the Oregon Community Foundation	(54,704)
Distribution of investment return earned on assets held by the Oregon Community Foundation (note 5)	27,120
Proceeds from contributions restricted for long-term investment	(104,081)
<i>Net changes in:</i>	
Grants and contributions receivable	(266)
Prepaid expenses and other assets	1,338
Accounts payable and accrued expenses	3,436
Grants payable	(35,000)
Total adjustments	(162,157)
Net cash used in operating activities	\$ (11,542)

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THE LAWYERS' CAMPAIGN FOR EQUAL JUSTICE

SCHEDULE OF CHANGES IN NET ASSETS

YEAR ENDED MARCH 31, 2019

	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	Restricted for endowment	Total	
Operating revenues, gains, and other support:								
Grants and contributions	\$ 1,163,851	–	1,163,851	57,207	–	–	57,207	1,221,058
In-kind contributions	3,901	–	3,901	–	–	–	–	3,901
Ticket revenue	10,020	–	10,020	–	–	–	–	10,020
Interest income	919	–	919	–	–	–	–	919
Total operating revenues and gains	1,178,691	–	1,178,691	57,207	–	–	57,207	1,235,898
Net assets released from restrictions	103,047	(6,176)	96,871	(75,927)	(20,944)	–	(96,871)	–
Total operating revenues, gains, and other support	1,281,738	(6,176)	1,275,562	(18,720)	(20,944)	–	(39,664)	1,235,898
Expenses:								
Program services	986,217	–	986,217	–	–	–	–	986,217
Management and general	67,404	–	67,404	–	–	–	–	67,404
Fundraising	203,047	–	203,047	–	–	–	–	203,047
Total expenses	1,256,668	–	1,256,668	–	–	–	–	1,256,668
Increase (decrease) in net assets before non-operating activities	25,070	(6,176)	18,894	(18,720)	(20,944)	–	(39,664)	(20,770)
Non-operating activities:								
Endowment gifts	–	–	–	–	–	116,681	116,681	116,681
Net change in beneficial interest in assets held by the Oregon Community Foundation	–	12,060	12,060	–	42,644	–	42,644	54,704
Increase (decrease) in net assets	25,070	5,884	30,954	(18,720)	21,700	116,681	119,661	150,615
Net assets at beginning of year	(784)	271,908	271,124	44,400	161,921	802,464	1,008,785	1,279,909
Net assets at end of year	\$ 24,286	277,792	302,078	25,680	183,621	919,145	1,128,446	1,430,524

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MARCH 31, 2019

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