



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, 2020
and Independent Accountants' Review Report

THE LAWYERS' CAMPAIGN FOR EQUAL JUSTICE

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620 SW Fifth Avenue, Suite 1225
Portland OR 97204

503.295.8442
www.cej-oregon.org

MANAGEMENT DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION

July 2020

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 2020 (March 31, 2020). Our Financial Review was conducted by Gary McGee & Co and concluded in July 2020. It should also be read in conjunction with our Annual Report, which was published in June 2020, 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 \$30 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.

As the COVID-19 crisis continues to impact our communities, more people will have new and unanticipated civil legal problems. 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 economic 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 actively strategizing for the 2020-21 campaign year, as it is taking place during a global pandemic and resulting economic recession. 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. The CEJ's fiscal year end coincided with the beginning of the sharp economic downturn caused by the pandemic. At our year end (March 31, 2020) the endowment fund had lost \$95,567. While disappointing, the loss mirrors what was happening in the global economy. The CEJ has not lost faith 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
2020-2022



Maya Crawford Peacock
Executive Director

INDEPENDENT ACCOUNTANTS' REVIEW REPORT

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

We have reviewed the accompanying financial statements of The Lawyers' Campaign for Equal Justice, which comprise the statement of financial position as of March 31, 2020, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of organization management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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 the financial statements that are free from material misstatement whether due to fraud or error.

Accountant's Responsibility

Our responsibility is to conduct the review engagement in accordance with *Statements on Standards for Accounting and Review Services*, promulgated by the Accounting and Review Services Committee of the American Institute of Certified Public Accountants. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States. We believe that the results of our procedures provide a reasonable basis for our conclusion.

Accountant's Conclusion

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in accordance with accounting principles generally accepted in the United States.

Supplementary Information

Our review of the financial statements for the year ended March 31, 2020 was made for the purpose of expressing limited assurance that there are no material modifications that should be made to the financial statements in order for them to be in conformity with accounting principles generally accepted in the United States. The accompanying supplementary information included in the schedules on page 18 is presented for purposes of additional analysis and is not a required part of the basic 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 supplementary information has been subjected to the review procedures applied in the review of the basic financial statements. We are not aware of any material modifications that should be made to the supplementary information. We have not audited the supplementary information and do not express an opinion on such information.

Summarized Comparative Information

The accompanying 2019 summarized comparative information has been derived from the financial statements of The Lawyers' Campaign for Equal Justice as of March 31, 2019. The 2019 financial statements were audited by us and we expressed an unmodified opinion on them in our report dated July 2, 2019, but we have not performed any auditing procedures since that date.

Ernst & Young LLP

July 9, 2020

THE LAWYERS' CAMPAIGN FOR EQUAL JUSTICE

STATEMENT OF FINANCIAL POSITION

MARCH 31, 2020

(WITH COMPARATIVE AMOUNTS FOR 2019)

	2020	2019
Assets:		
Cash and cash equivalents	\$ 724,955	645,829
Grants and contributions receivable (<i>note 3</i>)	464,164	131,459
Beneficial interest in assets held by the Oregon Community Foundation (<i>note 4</i>)	1,433,658	1,365,975
Prepaid expenses and other assets	13,132	9,331
Total assets	\$ 2,635,909	2,152,594
Liabilities:		
Accounts payable and accrued expenses	5,903	7,070
Grants payable (<i>note 5</i>)	525,000	715,000
Total liabilities	530,903	722,070
Net assets:		
Without donor restrictions:		
Available for programs and general operations	292,591	24,286
Designated by the Board of Directors for endowment	247,273	277,792
Total without donor restrictions	539,864	302,078
With donor restrictions (<i>notes 6 and 7</i>)	1,565,142	1,128,446
Total net assets	2,105,006	1,430,524
Commitments (<i>notes 10 and 11</i>)		
Total liabilities and net assets	\$ 2,635,909	2,152,594

See independent accountants' review report and accompanying notes to financial statements.

THE LAWYERS' CAMPAIGN FOR EQUAL JUSTICE

STATEMENT OF ACTIVITIES

YEAR ENDED MARCH 31, 2020
(WITH COMPARATIVE TOTALS FOR 2019)

	2020		Total	2019
	Without donor restrictions	With donor restrictions		
Operating revenues, gains, and other support:				
Grants and contributions	\$ 1,227,040	749,608	1,976,648	1,221,058
In-kind contributions	3,908	—	3,908	3,901
Ticket revenue	9,300	—	9,300	10,020
Interest income	3,133	—	3,133	919
Total operating revenues and gains	1,243,381	749,608	1,992,989	1,235,898
Net assets released from restrictions <i>(note 8)</i>	440,194	(440,194)	—	—
Total operating revenues, gains, and other support	1,683,575	309,414	1,992,989	1,235,898
Expenses <i>(note 9)</i>:				
Program services:				
Grants	866,652	—	866,652	715,000
Education and outreach	170,396	—	170,396	169,369
Funding initiatives	107,831	—	107,831	101,848
Total program services	1,144,879	—	1,144,879	986,217
Supporting services:				
Management and general	69,934	—	69,934	67,404
Fundraising	211,839	—	211,839	203,047
Total supporting services	281,773	—	281,773	270,451
Total expenses	1,426,652	—	1,426,652	1,256,668
Increase (decrease) in net assets before non-operating activities	256,923	309,414	566,337	(20,770)
Non-operating activities:				
Endowment gifts	—	203,712	203,712	116,681
Net change in beneficial interest in assets held by the Oregon Community Foundation <i>(note 4)</i>	(19,137)	(76,430)	(95,567)	54,704
Total non-operating activities	(19,137)	127,282	108,145	171,385
Increase in net assets	237,786	436,696	674,482	150,615
Net assets at beginning of year	302,078	1,128,446	1,430,524	1,279,909
Net assets at end of year	\$ 539,864	1,565,142	2,105,006	1,430,524

See independent accountants' review report and accompanying notes to financial statements.

THE LAWYERS' CAMPAIGN FOR EQUAL JUSTICE

STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED MARCH 31, 2020
(WITH COMPARATIVE TOTALS FOR 2019)

	2020				2020			Total	2019
	Program services			Total	Supporting services				
	Grants	Education and outreach	Other funding initiatives			Management and general	Fund-raising		
Grants	\$ 866,652	–	–	866,652	–	–	–	866,652	715,000
Salaries and related expenses	–	99,507	73,201	172,708	31,116	105,664	136,780	309,488	301,037
Contract services	–	2,954	1,116	4,070	21,677	3,011	24,688	28,758	31,212
Event expenses	–	36,714	6,073	42,787	1,580	14,782	16,362	59,149	55,940
Printing	–	6,525	5,651	12,176	1,174	24,561	25,735	37,911	31,483
Postage and mailing	–	3,182	2,651	5,833	1,004	15,667	16,671	22,504	22,134
Office expenses	–	4,590	3,314	7,904	2,245	5,447	7,692	15,596	15,569
Occupancy	–	10,985	8,421	19,406	5,126	12,083	17,209	36,615	37,509
Telecommunications	–	1,127	875	2,002	626	1,310	1,936	3,938	4,026
Insurance	–	–	–	–	3,289	–	3,289	3,289	3,289
Travel and conferences	–	3,000	5,419	8,419	970	4,600	5,570	13,989	11,030
Bank fees	–	492	492	984	–	23,840	23,840	24,824	24,899
Other	–	1,320	618	1,938	1,127	874	2,001	3,939	3,540
Total expenses	\$866,652	170,396	107,831	1,144,879	69,934	211,839	281,773	1,426,652	1,256,668

See independent accountants' review report and accompanying notes to financial statements.

THE LAWYERS' CAMPAIGN FOR EQUAL JUSTICE

STATEMENT OF CASH FLOWS

YEAR ENDED MARCH 31, 2020
(WITH COMPARATIVE TOTALS FOR 2019)

	2020	2019
Cash flows from operating activities:		
Cash received from donors and grantors	\$ 1,631,343	1,233,392
Cash received from other sources	9,300	10,020
Cash received from interest income	3,133	919
Distribution of investment return earned on assets held by the Oregon Community Foundation (<i>note 4</i>)	54,945	27,120
Cash paid to grantees	(1,056,652)	(750,000)
Cash paid to employees and suppliers	(561,060)	(532,993)
Net cash provided by (used in) operating activities	81,009	(11,542)
Cash flows from investing activities:		
Additions to assets held by the Oregon Community Foundation (<i>note 4</i>)	(218,195)	(120,863)
Net cash used in investing activities	(218,195)	(120,863)
Cash flows from financing activities:		
Proceeds from contributions restricted to long-term investment	216,312	104,081
Net cash provided by financing activities	216,312	104,081
Net increase (decrease) in cash and cash equivalents	79,126	(28,324)
Cash and cash equivalents at beginning of year	645,829	674,153
Cash and cash equivalents at end of year	\$ 724,955	645,829

See independent accountants' review report and accompanying notes to financial statements.

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED MARCH 31, 2020

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 112 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 \$30 million over the last 29 years in its annual fund drive.

During the year ended March 31, 2020, 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 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.

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.

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, 2020, 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, 2020, the Campaign recorded \$3,908 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.

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, 2020, 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. Ticket sales 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 (“FDIC”). Management has mitigated this risk by maintaining a Demand Deposit MarketplaceSM account that automatically sweeps balances in excess of \$250,000 to accounts held by other FDIC insured banking institutions that participate in this program.

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 9, 2020, which is the date the financial statements were available to be issued.

Subsequent to March 31, 2020, the Campaign issued a note for \$80,000 to a nonprofit organization that provides legal aid services. The loan is expected to be paid back in full immediately upon the sale of certain real property that the loan recipient is in the process of selling.

Summarized Financial Information for 2019 – The accompanying financial information as of and for the year ended March 31, 2019, is presented for comparative purposes only and is not intended to represent a complete financial statement presentation.

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

3. Grants and Contributions Receivable

Grants and contributions receivable at March 31, 2020 are summarized as follows:

<i>Unconditional promises expected to be collected in:</i>	
Less than one year	\$ 250,546
One year to five years	246,668
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	497,214
Less allowance for doubtful collection	(33,050)
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	\$ 464,164
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4. Beneficial Interest in Assets Held by the Oregon Community Foundation

The Oregon Community Foundation holds two funds on behalf of the Campaign: The Campaign for Equal Justice Endowment Fund (with an estimated fair value of \$1,410,127 at March 31, 2020, 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 \$23,531 at March 31, 2020).

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, 2020 are summarized as follows:

Balance at beginning of year	\$ 1,365,975
Plus additions	218,195
Less decrease in the fair market value of the funds	(95,567)
Less the distribution of investment return to the Campaign	(54,945)
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Balance at end of year	\$ 1,433,658
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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, 4.35% 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, 2020, the Campaign received total distributions of \$54,945.

At March 31, 2020 these assets are held for the following purposes:

Donor-restricted endowment funds	\$ 1,122,757
Unappropriated endowment earnings	63,628
Funds designated by the Board of Directors for endowment	247,273
	<hr/>
	\$ 1,433,658
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In addition, the Campaign held \$100 of endowment funds in cash and cash equivalents at March 31, 2020.

5. Grants Payable

Grants payable at March 31, 2020 represent \$525,000 in unconditional promises to give expected to be paid in less than one year.

*Expendable net assets unrestricted
as to purpose, but restricted
as to time:*

Pledges to benefit the Campaign's general operations in future periods	6,805
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6. Net Assets with Donor Restrictions

The following summarizes the Campaign's net assets with donor-imposed restrictions as of March 31, 2020:

*Expendable net assets restricted
for the following purpose:*

Pledges to fund a full-time attorney position for domestic violence cases	\$ 371,852
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*Endowment restricted for
the following purposes:*

Herbold Fund for the representation of elderly Services in Jackson County	227,433
	23,530

	250,963
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Endowment unrestricted as to purpose	935,522
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Total endowment	1,186,485
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Total net assets with donor restrictions	\$ 1,565,142
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7. 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, 2020:

	<u>With donor restrictions</u>			Without donor restrictions	Total endowment
	Accumulated endowment return	Endowment principal	Total		
Endowment net assets at beginning of year	\$ 183,621	919,145	1,102,766	277,792	1,380,558
Contributions	-	203,712	203,712	-	203,712
Net increase in the beneficial interest in assets held by the Oregon Community Foundation	(76,430)	-	(76,430)	(19,137)	(95,567)
Appropriation of endowment assets for expenditure	(43,563)	-	(43,563)	(11,382)	(54,945)
Endowment net assets at end of year	\$ 63,628	1,122,857	1,186,485	247,273	1,433,758

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, 2020, funds with original gifts values of \$953,733, fair values of \$935,522, and deficiencies of \$18,211 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.

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'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, 2020, the Campaign's Board of Directors appropriated \$54,945 for expenditure, including \$43,563 from endowment assets with donor restrictions and \$11,382 from endowment assets without donor restrictions.

8. Net Assets Released from Restrictions

During the year ended March 31, 2020, the Campaign incurred \$440,194 in expenses in satisfaction of the restricted purposes specified by donors, or satisfied the restrictions by the occurrence of other events.

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.

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.

10. Retirement Plan

The Campaign has 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. Contributions by the organization to the plan for the year ended March 31, 2020 totaled \$12,418.

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 December of 2024. At March 31, 2020, the Campaign's aggregate lease commitments are as follows:

<i>Years ending March 31,</i>	
2021	\$ 48,263
2022	49,436
2023	46,819
2024	48,065
2025	29,316
	\$ 221,899

Payments for such leases for the year ended March 31, 2020 totalled \$45,309.

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, 2020, the Campaign’s beneficial interest in assets held by the Oregon Community Foundation is reported at fair value on a recurring basis under Level 3, representing future cash inflows to the Campaign measured at fair value based upon a discounted cash flow analysis of the expected income to be derived from the Campaign’s interest in these assets. Since the discount rate used for this analysis is considered to be identical to the return that market participants would expect on similar assets, the Campaign has measured the expected cash flows for its beneficial interest as equivalent to the fair value of the underlying assets held and owned by OCF. Management’s estimate is based solely on information provided by OCF.

See note 4 for a summary of the beneficial interest in assets held by OCF and the associated activity for the year ended March 31, 2020.

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, 2020:

<i>Total financial assets available:</i>	
Cash and cash equivalents	\$ 724,955
Grants and contributions receivable	464,164
Beneficial interest in assets held by the Oregon Community Foundation	1,433,658
	2,622,777
<i>Less financial assets not available within the year ending March 31, 2021:</i>	
Financial assets restricted by donors for endowment (note 7)	(1,186,485)
Financial assets designated by the Board for quasi-endowment (note 7)	(247,273)
Contributions expected to be collected in more than one year (note 3)	(246,668)
	(1,680,426)

<i>Plus other funds subject to appropriation for expenditure:</i>	
Fiscal year 2021 endowment appropriations for operations	56,603
	\$ 998,954

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 \$247,273. 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. Reclassification of 2019 Comparative Totals

Certain 2019 amounts presented herein have been reclassified to conform to the 2020 presentation.

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

Increase in net assets	\$ 674,482
<i>Adjustments to reconcile increase in net assets to net cash provided by operating activities:</i>	
Net change in beneficial interest in assets held by the Oregon Community Foundation	95,567
Distribution of investment return earned on assets held by the Oregon Community Foundation (<i>note 4</i>)	54,945
Proceeds from contributions restricted for long-term investment	(216,312)
<i>Net changes in:</i>	
Grants and contributions receivable	(332,705)
Prepaid expenses and other assets	(3,801)
Accounts payable and accrued expenses	(1,167)
Grants payable	(190,000)
Total adjustments	(593,473)
Net cash provided by operating activities	\$ 81,009

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THE LAWYERS' CAMPAIGN FOR EQUAL JUSTICE

SCHEDULE OF CHANGES IN NET ASSETS

YEAR ENDED MARCH 31, 2020

	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	\$ 1,227,040	–	1,227,040	749,608	–	–	749,608	1,976,648
In-kind contributions	3,908	–	3,908	–	–	–	–	3,908
Ticket revenue	9,300	–	9,300	–	–	–	–	9,300
Interest income	3,133	–	3,133	–	–	–	–	3,133
Total operating revenues and gains	1,243,381	–	1,243,381	749,608	–	–	749,608	1,992,989
Net assets released from restrictions	451,576	(11,382)	440,194	(396,631)	(43,563)	–	(440,194)	–
Total operating revenues, gains, and other support	1,694,957	(11,382)	1,683,575	352,977	(43,563)	–	309,414	1,992,989
Expenses:								
Program services	1,144,879	–	1,144,879	–	–	–	–	1,144,879
Management and general	69,934	–	69,934	–	–	–	–	69,934
Fundraising	211,839	–	211,839	–	–	–	–	211,839
Total expenses	1,426,652	–	1,426,652	–	–	–	–	1,426,652
Increase (decrease) in net assets before non-operating activities	268,305	(11,382)	256,923	352,977	(43,563)	–	309,414	566,337
Non-operating activities:								
Endowment gifts	–	–	–	–	–	203,712	203,712	203,712
Net change in beneficial interest in assets held by the Oregon Community Foundation	–	(19,137)	(19,137)	–	(76,430)	–	(76,430)	(95,567)
Increase (decrease) in net assets	268,305	(30,519)	237,786	352,977	(119,993)	203,712	436,696	674,482
Net assets at beginning of year	24,286	277,792	302,078	25,680	183,621	919,145	1,128,446	1,430,524
Net assets at end of year	\$ 292,591	247,273	539,864	378,657	63,628	1,122,857	1,565,142	2,105,006

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MARCH 31, 2020

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THE LAWYERS' CAMPAIGN FOR EQUAL JUSTICE
620 S. W. Fifth Avenue, Suite 1225
Portland, Oregon 97204

(503) 295-8442
office@cej-oregon.org

Web
www.cej-oregon.org

