



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, 2021
and Independent Accountants' Review Report

THE LAWYERS' CAMPAIGN FOR EQUAL JUSTICE

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Management Discussion and Analysis of Financial Condition

November 2021

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 2021 (March 31, 2021). Our Financial Review was conducted by Gary McGee & Co and concluded in November 2021. It should also be read in conjunction with our Annual Report, which was published online in September 2021, 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 \$31 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 in the midst of our 2021-22 campaign year, our second taking place during a global pandemic. 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 fund had a strong year after ending our last fiscal year during a sharp economic downturn caused by the pandemic. Our endowment gained over \$400,000 during this past fiscal year. 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

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, 2021, 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 Campaign 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, 2021 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 schedule on page 21 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 2020 summarized comparative information has been derived from the financial statements of The Lawyers' Campaign for Equal Justice as of March 31, 2020. The 2020 financial statements were reviewed by us, and in our report dated July 9, 2020, we stated we were not aware of any material modifications that should be made to those statements for them to be in accordance with accounting principles generally accepted in the United States.

Ernst & Young LLP

November 16, 2021

THE LAWYERS' CAMPAIGN FOR EQUAL JUSTICE

STATEMENT OF FINANCIAL POSITION

MARCH 31, 2021

(WITH COMPARATIVE AMOUNTS FOR 2020)

	2021	2020
Assets:		
Cash and cash equivalents	\$ 829,048	724,955
Grants and contributions receivable (<i>note 3</i>)	266,574	464,164
Other receivables	175,618	–
Beneficial interest in assets held by the Oregon Community Foundation (<i>note 4</i>)	1,875,909	1,433,658
Prepaid expenses and other assets	10,645	13,132
Total assets	\$ 3,157,794	2,635,909
Liabilities:		
Accounts payable and accrued expenses	22,057	5,903
Grants payable (<i>note 5</i>)	830,000	525,000
Conditional government grant – Paycheck Protection Program (<i>note 6</i>)	11,578	–
Total liabilities	863,635	530,903
Net assets:		
Without donor restrictions:		
Available for programs and general operations	219,189	292,591
Designated by the Board of Directors for endowment (<i>note 8</i>)	323,326	247,273
Total without donor restrictions	542,515	539,864
With donor restrictions (<i>notes 7</i>)	1,751,644	1,565,142
Total net assets	2,294,159	2,105,006
Commitments (<i>notes 11 and 12</i>)		
Total liabilities and net assets	\$ 3,157,794	2,635,909

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

THE LAWYERS' CAMPAIGN FOR EQUAL JUSTICE

STATEMENT OF ACTIVITIES

YEAR ENDED MARCH 31, 2021
(WITH COMPARATIVE TOTALS FOR 2020)

	2021		Total	2020
	Without donor restrictions	With donor restrictions		
Operating revenues, gains, and other support:				
Campaign contributions	\$ 1,110,310	825	1,111,135	1,863,985
Other private contributions and grants	79,986	22,514	102,500	112,215
Paycheck Protection Program grant (note 6)	50,433	–	50,433	–
In-kind contributions	–	–	–	3,908
Ticket revenue	–	–	–	9,300
Interest income	3,526	–	3,526	3,133
Other income	25	–	25	–
Total operating revenues and gains	1,244,280	23,339	1,267,619	1,992,541
Net assets released from restrictions (note 9)	252,846	(252,846)	–	–
Total operating revenues, gains, and other support	1,497,126	(229,507)	1,267,619	1,992,541
Expenses (note 10):				
Program services:				
Grants	1,026,216	–	1,026,216	866,652
Education and outreach	171,432	–	171,432	170,396
Funding initiatives	97,462	–	97,462	107,831
Total program services	1,295,110	–	1,295,110	1,144,879
Supporting services:				
Management and general	72,491	–	72,491	69,934
Fundraising	212,853	–	212,853	211,839
Total supporting services	285,344	–	285,344	281,773
Total expenses	1,580,454	–	1,580,454	1,426,652
Increase (decrease) in net assets before non-operating activities	(83,328)	(229,507)	(312,835)	565,889
Non-operating activities:				
Endowment gifts	–	3,234	3,234	204,160
Net change in beneficial interest in assets held by the Oregon Community Foundation (note 4)	85,979	412,775	498,754	(95,567)
Total non-operating activities	85,979	416,009	501,988	108,593
Increase in net assets	2,651	186,502	189,153	674,482
Net assets at beginning of year	539,864	1,565,142	2,105,006	1,430,524
Net assets at end of year	\$ 542,515	1,751,644	2,294,159	2,105,006

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, 2021
(WITH COMPARATIVE TOTALS FOR 2020)

	2021								2020
	Program services				Supporting services				
	Grants	Education and outreach	Funding initiatives	Total	Management and general	Fund-raising	Total	Total	
Grants	\$1,026,216	–	–	1,026,216	–	–	–	1,026,216	866,652
Salaries and related expenses	–	105,823	76,260	182,083	32,937	104,975	137,912	319,995	309,488
Contract services	–	2,396	428	2,824	18,213	3,060	21,273	24,097	28,758
Event expenses	–	34,684	37	34,721	–	29,435	29,435	64,156	59,149
Printing	–	5,118	4,605	9,723	98	18,590	18,688	28,411	37,911
Postage and mailing	–	2,868	741	3,609	202	8,895	9,097	12,706	22,504
Office expenses	–	4,333	3,372	7,705	1,665	5,164	6,829	14,534	15,596
Occupancy	–	12,125	9,295	21,420	4,081	14,954	19,035	40,455	36,615
Telecommunications	–	1,852	1,351	3,203	616	2,236	2,852	6,055	3,938
Insurance	–	–	–	–	3,442	–	3,442	3,442	3,289
Travel and conferences	–	523	336	859	153	1,165	1,318	2,177	13,989
Bank and other fees	–	492	492	984	9,977	22,816	32,793	33,777	24,824
Other	–	1,218	545	1,763	1,107	1,563	2,670	4,433	3,939
Total expenses	\$1,026,216	171,432	97,462	1,295,110	72,491	212,853	285,344	1,580,454	1,426,652

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, 2021
(WITH COMPARATIVE TOTALS FOR 2020)

	2021	2020
Cash flows from operating activities:		
Cash received from donors and grantors	\$ 1,473,236	1,631,343
Cy pres passthrough distribution	120,371	-
Cash received from interest income	3,526	3,133
Cash received from other sources	25	9,300
Distribution of investment return earned on assets held by the Oregon Community Foundation (<i>note 4</i>)	56,603	54,945
Cash paid to grantees and other distributees	(1,016,587)	(1,056,652)
Cash paid to employees and suppliers	(536,215)	(561,060)
Net cash provided by operating activities	100,959	81,009
Cash flows from investing activities:		
Additions to assets held by the Oregon Community Foundation (<i>note 4</i>)	(100)	(218,195)
Net cash used in investing activities	(100)	(218,195)
Cash flows from financing activities:		
Proceeds from contributions restricted to long-term investment	3,234	216,312
Net cash provided by financing activities	3,234	216,312
Net increase in cash and cash equivalents	104,093	79,126
Cash and cash equivalents at beginning of year	724,955	645,829
Cash and cash equivalents at end of year	\$ 829,048	724,955

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

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED MARCH 31, 2021

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 \$31 million over the last 30 years in its annual fund drive.

During the year ended March 31, 2021, 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, 2021, 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 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, 2021, 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, 2021, 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, 2021, 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 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. At March 31, 2021, the Campaign held \$47,117 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 November 16, 2021, which is the date the financial statements were available to be issued.

Summarized Financial Information for 2020 – The accompanying financial information as of and for the year ended March 31, 2020, 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, 2021 are summarized as follows:

<i>Unconditional promises expected to be collected in:</i>	
Less than one year	\$ 180,648
One year to five years	123,334
	<hr/> 303,982
Less allowance for doubtful collection	(37,408)
	<hr/> \$ 266,574

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 \$1,843,966 at March 31, 2021, 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 \$31,943 at March 31, 2021).

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, 2021 are summarized as follows:

Balance at beginning of year	\$ 1,433,658
Plus additions	100
Add increase in the fair market value of the funds	498,754
Less the distribution of investment return to the Campaign	(56,603)
	<hr/> Balance at end of year
	\$ 1,875,909

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, 2021, the Campaign received total distributions of \$56,603.

At March 31, 2021 these assets are held for the following purposes:

Donor-restricted endowment funds	\$ 1,122,857
Unappropriated endowment earnings	429,726
Funds designated by the Board of Directors for endowment	323,326
	<hr/>
	\$ 1,875,909

In addition, the Campaign held \$3,234 of endowment funds in cash and cash equivalents at March 31, 2021.

5. Grants Payable

Grants payable at March 31, 2021 represent \$830,000 in unconditional promises to give expected to be paid in less than one year.

6. 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 Division A, Title I of the CARES Act, which was enacted March 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 during the “covered period” (either 8 weeks or 24 weeks from the loan disbursement date) and if the funds are used for payroll, rent, mortgage interest, and/or utilities, and certain other conditions are met. However, the amount of loan forgiveness will be reduced if less than 60% of the funds are spent on payroll over a loan forgiveness period.

The loan matures in January of 2026, and bears interest at a rate of 1.0% per annum. However, pursuant to the Paycheck Protection Flexibility Act of 2020, the deferral period for loan payments has been extended to either (1) the date that SBA remits the borrower’s loan forgiveness amount to the lender, or (2) if the borrower does not apply for loan forgiveness, 10 months after the end of the borrower’s loan forgiveness covered period.

In accordance with the provisions of the PPP and SBA’s promise of forgiveness, the Campaign intends to use the majority of loan amount for the qualifying expenses and anticipates obtaining full forgiveness of the loan. 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 June 30, 2021, the Campaign recognized \$50,433 of the proceeds as contributed revenue.

Subsequent to March 31, 2021, the Campaign obtained formal forgiveness for the PPP loan totaling \$62,011.

7. Net Assets with Donor Restrictions

The following summarizes the Campaign's net assets with donor-imposed restrictions as of March 31, 2021:

<i>Expendable net assets restricted for the following purpose:</i>	
Pledges to fund a full-time attorney position for domestic violence cases	\$ 195,002
<hr/>	
<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	825
<hr/>	

Endowment restricted for the following purposes:

Herbold Fund for the representation of elderly Services in Jackson County	300,613 31,942
<hr/>	
	332,555
Endowment unrestricted as to purpose	1,223,262
<hr/>	
Total endowment	1,555,817
<hr/>	
Total net assets with donor restrictions	\$ 1,751,644
<hr/>	

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, 2021:

	With donor restrictions			Without donor restrictions	Total endowment
	Accumulated endowment return	Endowment principal	Total		
Endowment net assets at beginning of year	\$ 63,628	1,122,857	1,186,485	247,273	1,433,758
Contributions	-	3,234	3,234	-	3,234
Net increase in the beneficial interest in assets held by the Oregon Community Foundation	412,775	-	412,775	85,979	498,754
Appropriation of endowment assets for expenditure	(46,677)	-	(46,677)	(9,926)	(56,603)
<hr/>					
Endowment net assets at end of year	\$ 429,726	1,126,091	1,555,817	323,326	1,879,143
<hr/>					

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, 2021, 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 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, 2021, the Campaign's Board of Directors appropriated \$56,603 for expenditure, including \$46,677 from endowment assets with donor restrictions and \$9,926 from endowment assets without donor restrictions.

9. Net Assets Released from Restrictions

During the year ended March 31, 2021, the Campaign incurred \$258,249 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 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.

11. 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, 2021 totaled \$14,277.

12. Operating Lease

The Campaign leases its office space, as well as certain office equipment, under noncancelable lease agreements that expire on various dates through December of 2024. At March 31, 2021, the Campaign's aggregate lease commitments are as follows:

<i>Years ending March 31,</i>	
2022	\$ 49,436
2023	46,819
2024	48,065
2025	33,267
	\$ 177,587

Payments for such leases for the year ended March 31, 2021 totaled \$47,265.

13. 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, 2021, 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, 2021.

14. 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, 2021:

<i>Total financial assets available:</i>	
Cash and cash equivalents	\$ 829,048
Grants and contributions receivable	266,574
Other receivables	175,618
Beneficial interest in assets held by the Oregon Community Foundation	1,875,909
	3,147,149
<i>Less financial assets not available within the year ending March 31, 2022:</i>	
Financial assets restricted by donors for endowment (note 8)	(1,555,817)
Financial assets designated by the Board for quasi-endowment (note 8)	(323,326)
Contributions expected to be collected in more than one year (note 3)	(123,334)
	(2,002,477)
<i>Plus other funds subject to appropriation for expenditure:</i>	
Fiscal year 2022 endowment appropriations for operations	65,755
	\$ 1,210,427

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.

Continued

In addition, the Campaign holds quasi-endowment funds totaling \$323,326. 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. Reclassification of 2020 Comparative Totals

Certain 2020 amounts presented herein have been reclassified to conform to the 2021 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	\$ 189,153
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<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	(498,754)
Distribution of investment return earned on assets held by the Oregon Community Foundation (<i>note 4</i>)	56,603
Proceeds from contributions restricted for long-term investment	(3,234)
<i>Net changes in:</i>	
Grants and contributions receivable	197,590
Other receivables	(175,618)
Prepaid expenses and other assets	2,487
Accounts payable and accrued expenses	16,154
Grants payable	305,000
Conditional government grant – Paycheck Protection Program	11,578
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Total adjustments	(88,194)
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Net cash provided by operating activities	\$ 100,959
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THE LAWYERS' CAMPAIGN FOR EQUAL JUSTICE

SCHEDULE OF CHANGES IN NET ASSETS

YEAR ENDED MARCH 31, 2021

	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	\$ 1,240,729	–	1,240,729	23,339	–	–	23,339	1,264,068
Interest income	3,526	–	3,526	–	–	–	–	3,526
Other income	25	–	25	–	–	–	–	25
Total operating revenues and gains	1,244,280	–	1,244,280	23,339	–	–	23,339	1,267,619
Net assets released from restrictions	262,772	(9,926)	252,846	(206,169)	(46,677)	–	(252,846)	–
Total operating revenues, gains, and other support	1,507,052	(9,926)	1,497,126	(182,830)	(46,677)	–	(229,507)	1,267,619
Expenses:								
Program services	1,295,110		1,295,110	–	–	–	–	1,295,110
Management and general	72,491		72,491	–	–	–	–	72,491
Fundraising	212,853		212,853	–	–	–	–	212,853
Total expenses	1,580,454	–	1,580,454	–	–	–	–	1,580,454
Increase (decrease) in net assets before non-operating activities	(73,402)	(9,926)	(83,328)	(182,830)	(46,677)	–	(229,507)	(312,835)
Non-operating activities:								
Endowment gifts	–	–	–	–	–	3,234	3,234	3,234
Net change in beneficial interest in assets held by the Oregon Community Foundation	–	85,979	85,979	–	412,775	–	412,775	498,754
Increase (decrease) in net assets	(73,402)	76,053	2,651	(182,830)	366,098	3,234	186,502	189,153
Net assets at beginning of year	292,591	247,273	539,864	378,657	63,628	1,122,857	1,565,142	2,105,006
Net assets at end of year	\$ 219,189	323,326	542,515	195,827	429,726	1,126,091	1,751,644	2,294,159

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MARCH 31, 2021

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