



**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, 2023  
and Independent Accountants' Review Report

THE LAWYERS' CAMPAIGN FOR EQUAL JUSTICE

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## Management Discussion and Analysis of Financial Condition

August 2023

### 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.

This MD&A should be read in conjunction with the Financial Statements from our Fiscal Year End 2023 (March 31, 2023). Our Financial Review was conducted by Gary McGee & Co and concluded in August 2023. It should also be read in conjunction with our Annual Report, which is available on the CEJ's website and shares details of our 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 for those who live in poverty. The CEJ develops and distributes resources through fundraising, 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 \$33.5 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.

In January of 2023, the CEJ's Executive Director for the prior seven years, Maya Crawford Peacock, left the CEJ to join the office of Governor Kotek as Executive Appointments Director. The CEJ Board undertook a robust search and interview process before completing the hiring of Ayla Ercin as our new Executive Director in March of 2023. Ayla spent two years as the Campaign's Annual Fund Director before becoming Executive Director, and is familiar with the CEJ's internal processes and procedures and plans to make the transition a smooth and successful one. Ayla looks forward to building on the CEJ's past success and strong financial foundations.

The CEJ is in the midst of its 2023-24 campaign, and has begun the planning and implementation of the end of year annual fund drive. The CEJ will continue to focus on strong fundraising strategies, building partnerships within the legal community, raising awareness about the value of legal aid, and advocating for robust support of legal aid.

The CEJ will also 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. At fiscal year-end 2023 (March 31, 2023), the endowment holdings stood at \$1,899,000. This amount was down from fiscal year-end 2022's closing balance of \$2,066,982 due to OCF investment declines that were reflective of broader market declines. The CEJ is confident in the ability of the Oregon Community Foundation to hold our endowment and responsibly steward these funds in a challenging investing environment.

#### Governance

Our Board of Directors is comprised of twenty-three 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.

Kathryn Olney  
*President*  
*Board of Directors*  
*2022-2023*

Ayla Ercin  
*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, 2023, 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.

We are required to be independent of The Lawyers' Campaign for Equal Justice and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our review.

*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.

*Emphasis of Matter*

As discussed in note 3 to the financial statements, in 2023 The Lawyers' Campaign for Equal Justice adopted Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) No. 2016-02, *Leases (Topic 842)*, as amended. Our conclusion is not modified with respect to this matter.

*Supplementary Information*

Our review of the financial statements for the year ended March 31, 2023 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 22 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 2022 summarized comparative information has been derived from the financial statements of The Lawyers' Campaign for Equal Justice as of March 31, 2022. The 2022 financial statements were audited by us and we expressed an unmodified opinion on them in our report dated August 24, 2022, but we have not performed any auditing procedures since that date.

A handwritten signature in black ink that reads "Amy McLean & Co. LLP". The signature is written in a cursive, flowing style.

August 23, 2023

THE LAWYERS' CAMPAIGN FOR EQUAL JUSTICE

STATEMENT OF FINANCIAL POSITION

MARCH 31, 2023

(WITH COMPARATIVE AMOUNTS FOR 2022)

	2023	2022
<b>Assets:</b>		
Cash and cash equivalents	\$ 685,503	932,707
Grants and contributions receivable <i>(note 4)</i>	150,412	62,531
Beneficial interest in assets held by the Oregon Community Foundation <i>(note 5)</i>	1,896,322	2,061,064
Prepaid expenses and other assets	33,411	31,593
Right-of-use assets – operating leases <i>(note 6)</i>	78,853	–
<b>Total assets</b>	<b>\$ 2,844,501</b>	<b>3,087,895</b>
<b>Liabilities:</b>		
Accounts payable and accrued expenses	16,258	14,600
Grants payable <i>(note 7)</i>	600,000	845,000
Lease liabilities – operating leases <i>(note 6)</i>	88,603	–
<b>Total liabilities</b>	<b>704,861</b>	<b>859,600</b>
<b>Net assets:</b>		
Without donor restrictions:		
Available for programs and general operations	220,714	157,368
Designated by the Board of Directors for endowment <i>(note 9)</i>	324,903	354,477
<b>Total without donor restrictions</b>	<b>545,617</b>	<b>511,845</b>
With donor restrictions <i>(note 8)</i> :		
For endowment	1,574,097	1,712,505
For operations and programs	19,926	3,945
<b>Total with donor restrictions</b>	<b>1,594,023</b>	<b>1,716,450</b>
<b>Total net assets</b>	<b>2,139,640</b>	<b>2,228,295</b>
<b>Commitments <i>(note 12)</i></b>		
<b>Total liabilities and net assets</b>	<b>\$ 2,844,501</b>	<b>3,087,895</b>

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

THE LAWYERS' CAMPAIGN FOR EQUAL JUSTICE

STATEMENT OF ACTIVITIES

YEAR ENDED MARCH 31, 2023  
(WITH COMPARATIVE TOTALS FOR 2022)

	2023			2022
	Without donor restrictions	With donor restrictions	Total	
Operating revenues, gains, and other support:				
Campaign contributions	\$ 1,140,854	29,618	1,170,472	1,169,590
Other private contributions and grants	110,000	–	110,000	117,500
Paycheck Protection Program grant	–	–	–	11,578
In-kind contributions	1,278	–	1,278	–
Ticket revenue	13,024	–	13,024	–
Interest income	4,241	–	4,241	3,129
Other income	2,732	–	2,732	150
Total operating revenues and gains	1,272,129	29,618	1,301,747	1,301,947
Net assets released from restrictions ( <i>note 10</i> )	71,383	(71,383)	–	–
Total operating revenues, gains, and other support	1,343,512	(41,765)	1,301,747	1,301,947
Expenses ( <i>note 11</i> ):				
Program services:				
Grants	603,260	–	603,260	1,074,214
Education and outreach	157,550	–	157,550	115,615
Other funding initiatives	73,517	–	73,517	68,211
Total program services	834,327	–	834,327	1,258,040
Supporting services:				
Management and general	188,039	–	188,039	151,378
Fundraising	256,171	–	256,171	211,987
Total supporting services	444,210	–	444,210	363,365
Total expenses	1,278,537	–	1,278,537	1,621,405
Increase (decrease) in net assets before non-operating activities	64,975	(41,765)	23,210	(319,458)
Non-operating activities:				
Endowment gifts	–	2,678	2,678	5,918
Net change in beneficial interest in assets held by the Oregon Community Foundation ( <i>note 5</i> )	(17,320)	(83,340)	(100,660)	247,676
Total non-operating activities	(17,320)	(80,662)	(97,982)	253,594
Increase (decrease) in net assets	47,655	(122,427)	(74,772)	(65,864)
Net assets at beginning of year	511,845	1,716,450	2,228,295	2,294,159
Cumulative effect from the adoption of FASB ASU 2016-02 ( <i>note 3</i> )	(13,883)	–	(13,883)	–
Net assets at end of year	\$ 545,617	1,594,023	2,139,640	2,228,295

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, 2023  
(WITH COMPARATIVE TOTALS FOR 2022)

	2023	2022
Cash flows from operating activities:		
Cash received from donors and grantors	\$ 1,165,567	1,470,636
Cash paid out to grantees and other distributees	(848,260)	(1,059,214)
Cash paid to employees and suppliers	(609,326)	(554,481)
Cash refund received	–	175,000
Cash received from interest income	4,241	3,129
Cash received from other sources	15,756	150
Distribution of investment return earned on assets held by the Oregon Community Foundation ( <i>note 5</i> )	70,000	65,755
Cash paid for amounts included in the measurement of operating lease liabilities	(41,942)	–
Net cash provided by (used in) operating activities	(243,964)	100,975
Cash flows from investing activities:		
Additions to assets held by the Oregon Community Foundation ( <i>note 5</i> )	(5,918)	(3,234)
Net cash used in investing activities	(5,918)	(3,234)
Cash flows from financing activities:		
Proceeds from contributions restricted to long-term investment ( <i>note 9</i> )	2,678	5,918
Net cash provided by financing activities	2,678	5,918
Net increase (decrease) in cash and cash equivalents	(247,204)	103,659
Cash and cash equivalents at beginning of year	932,707	829,048
Cash and cash equivalents at end of year	\$ 685,503	932,707

Supplemental disclosure of cash flow information:

Right-of-use assets upon FASB ASU 2016-02 implementation – operating leases ( <i>note 3</i> )	\$ 121,551	–
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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, 2023  
(WITH COMPARATIVE TOTALS FOR 2022)

	2023										
	Program services				Supporting services						2022
	Grants	Education and outreach	Other Funding initiatives	Total	Management and general	Fund-raising	Shared costs	Total	Total		
Grants	\$ 603,260	—	—	603,260	—	—	—	—	603,260	1,074,214	
Salaries and related expenses	—	98,738	43,674	142,412	46,673	109,109	551	156,333	298,745	318,630	
Contract services	—	6,634	6,634	13,268	83,933	13,602	9,053	106,588	119,856	47,882	
Event expenses	—	441	—	441	—	22,800	61,539	84,339	84,780	29,065	
Printing	—	—	—	—	—	14,462	6,349	20,811	20,811	13,288	
Postage and mailing	—	—	—	—	6	13,391	1,656	15,053	15,053	11,331	
Office expenses	—	44	—	44	2	231	15,338	15,571	15,615	13,074	
Occupancy	—	—	—	—	—	—	31,768	31,768	31,768	40,791	
Telecommunications	—	—	—	—	—	—	4,915	4,915	4,915	5,482	
Insurance	—	—	—	—	5,439	—	639	6,078	6,078	2,455	
Travel and conferences	—	50	1,696	1,746	10,255	1,309	6,872	18,436	20,182	6,832	
Bank and other fees	—	—	—	—	—	24,392	—	24,392	24,392	32,899	
Bad debt expense	—	—	—	—	28,302	—	—	28,302	28,302	20,497	
Other	—	780	—	780	1,325	565	2,110	4,000	4,780	4,965	
Shared costs allocation	—	50,863	21,513	72,376	12,104	56,310	(140,790)	(72,376)	—	—	
<b>Total expenses</b>	<b>\$ 603,260</b>	<b>157,550</b>	<b>73,517</b>	<b>834,327</b>	<b>188,039</b>	<b>256,171</b>	<b>—</b>	<b>444,210</b>	<b>1,278,537</b>	<b>1,621,405</b>	

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

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED MARCH 31, 2023

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1. Organization

The Lawyers' Campaign for Equal Justice was established in 1991 as a private, nonprofit organization headquartered in Portland, Oregon that works to support 136 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, outreach, and by working to increase funding for legal aid. The Oregon legal community has responded generously, helping the Campaign raise more than \$33.5 million over the last 31 years in its annual fund drive.

During the year ended March 31, 2023, 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. The exchange transactions consist of ticket revenues for events held during the year. Revenues are recognized at the time goods and services are provided.
- *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.

Contributions – Contributions, which include unconditional promises to give (pledges), are recognized as revenues in the period the donor's commitment is received. Conditional promises to give are not recognized until they become unconditional, that is when the conditions on which they depend are substantially met. Contributions of assets other than cash are recorded at their estimated fair value.

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

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

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

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

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

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

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, 2023, the Campaign recorded \$1,278 in contributed services requiring specific expertise. Donated services are valued at the standard rate charged for those services and are used in program services and fundraising activities.

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, 2023, 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, 2023, the Campaign did not hold any capital assets with a unit cost greater than \$1,500.

Grants Awarded – Grants are accrued when awarded by the Campaign and unconditional. Grants are provided from available resources and in accordance with restrictions imposed by donors.

Operating Results – Results from operations in the statement of activities reflect all transactions increasing or decreasing net assets without restrictions except for the net change in the Campaign’s beneficial interest in assets held by the Oregon Community Foundation (“OCF”), net assets released from restrictions related to capital additions, gifts restricted by donors for capital purposes, gains and losses on the sale of long-lived assets that are peripheral to central operations, and endowment gifts.

Concentrations of Credit Risk – The Campaign’s financial instruments consist primarily of cash equivalents, which may subject the organization to concentrations of credit risk as, from time to time, for example, cash balances may exceed amounts insured by the Federal Deposit Insurance Corporation (“FDIC”). Management has mitigated this risk by maintaining a Demand Deposit Marketplace<sup>SM</sup> account that automatically sweeps balances in excess of \$250,000 to accounts held by other FDIC insured banking institutions that participate in this program.

The Campaign’s beneficial interest in funds held by the OCF is dependent upon changes in the fair values of the underlying investments and the ability of the OCF to honor its commitment.

Finally, grants and contributions receivable also subject the Campaign to concentrations of credit risk, although this risk is considered to be limited due to the large number of funders to the Campaign and their geographic dispersion.

Income Taxes – The Campaign is exempt from federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code and comparable state law, and derives its public charity status as an organization described in Sections 170(b)(1)(A)(vi) and 509(a)(1) of the Internal Revenue Code.

Subsequent Events – Subsequent events have been evaluated by management through August 23, 2023, which is the date the financial statements were available to be issued.

Summarized Financial Information for 2022 – The accompanying financial information as of and for the year ended March 31, 2022, is presented for comparative purposes only and is not intended to represent a complete financial statement presentation.

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

### 3. Recently-Adopted Accounting Standard

In February of 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2016-02, *Leases (Topic 842)*, which requires lessees to record right-of-use (“ROU”) assets and related lease obligations on the statement of financial position for all leases with a term longer than 12 months. On April 1, 2022, the Campaign adopted ASU No. 2016-02, as amended.

At the time of adoption, and in accordance with ASU 2016-02, the Campaign elected the package of practical expedients to not reassess: 1) whether any expired or existing contracts are or contain a lease, 2) lease classification for any expired or existing leases, and 3) whether previously capitalized initial direct costs would qualify for capitalization under Topic 842. The Campaign has also elected the short-term lease exemption policy which permits an organization to not recognize leases, at the commencement date, with a lease term of 12 months or less in its statement of financial position. The Campaign uses a risk-free rate at lease commencement date for discounting all leases, and has elected not to separate lease and non-lease components for all leases in the calculation of the ROU assets and lease obligations.

The Campaign elected the modified retrospective transition approach with the cumulative effect of application recognized at the effective date of adoption and comparative periods are not adjusted.

As a result of adoption, on April 1, 2022, the Campaign recognized (a) operating ROU assets totaling \$121,551; (b) operating lease obligations of \$135,434, which represents the present value of the remaining lease payments, discounted using a risk-free rate at the date of adoption measured over the remaining lease term; and (c) a cumulative effect totaling \$13,883 as a result of adoption of ASU 2016-02. Accordingly, comparative prior period information has not been restated. Also see note 6.

### 4. Grants and Contributions Receivable

Grants and contributions receivable totaled \$150,412 at March 31, 2023 and represented unconditional promises expected to be collected in less than one year as follows:

Contributions receivable	\$ 187,655
Less allowance for doubtful collection	(37,243)
	<hr/>
	\$ 150,412

5. Beneficial Interest in Assets Held by the Oregon Community Foundation

The Oregon Community Foundation holds two funds on behalf of the Campaign: The Campaign for Equal Justice Endowment Fund (with an estimated fair value of \$1,861,857 at March 31, 2023, 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 \$34,465 at March 31, 2023).

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, 2023 are summarized as follows:

Balance at beginning of year	\$ 2,061,064
Plus additions	5,918
Less the decrease in the fair market value of the funds	(100,660)
Less the distribution of investment return to the Campaign	(70,000)
Balance at end of year	\$ 1,896,322

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, 4.2% 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, 2023, the Campaign received total distributions of \$70,000.

At March 31, 2023 these assets are held for the following purposes:

Donor-restricted endowment funds	\$ 1,132,009
Unappropriated endowment earnings	439,410
Funds designated by the Board of Directors for endowment	324,903
	\$ 1,896,322

In addition, the Campaign held \$2,678 of endowment funds in cash and cash equivalents at March 31, 2023.

6. Leases

The Campaign has entered into a variety of operating lease agreements for office space and equipment. ROU assets and associated lease liabilities have been recorded for these leases in accordance with Topic 842. These leases expire on various dates through March of 2027, with one time option to renew the office lease for another five year. Management has determined the renewal is not reasonably certain to be exercised. Accordingly, lease obligations during the renewal period are not included in the determination of lease obligations and the corresponding right-of-use asset.

At March 31, 2023, the Campaign's ROU assets and corresponding lease liabilities for operating leases totaled \$78,853 and \$88,603, respectively.

Lease expense is recognized on a straight-line basis over the term of the lease, and totaled \$37,809 for the year ended March 31, 2023. Some of the lease require variable payments for operating expenses which are expensed as incurred. Variable payments totaled \$2,788 for the year ended March 31, 2023.

As of March 31, 2023, the weighted-average discount rate was 2.18%, and remaining weighted-average lease term for operating leases was 1.9 year.

*Future Lease Payments*

Operating lease payments are expected to be paid for each of the following fiscal years:

<i>Years ending March 31,</i>	
2024	\$ 50,573
2025	35,775
2026	2,508
2027	2,508
	91,364
Less present value discount	(2,761)
Total lease liabilities	\$ 88,603

7. Grants Payable

Grants payable at March 31, 2023 represent \$600,000 in unconditional promises to give expected to be paid in less than one year.

8. Net Assets with Donor Restrictions

The following summarizes the Campaign's net assets with donor-imposed restrictions as of March 31, 2023:

<i>Expendable net assets restricted for the following purpose:</i>	
Bankruptcy Clinic	\$ 3,483
OLC Lane County	143
	3,626
<i>Expendable net assets unrestricted as to purpose, but restricted as to time:</i>	
Gifts to benefit the Campaign's general operations in future periods	16,300
Total operations and programs	19,926
<i>Endowment restricted for the following purposes:</i>	
Herbold Fund for the representation of elderly Services in Jackson County	310,407
	34,465
	344,872
Endowment unrestricted as to purpose	1,229,225
Total endowment	1,574,097
Total net assets with donor restrictions	\$ 1,594,023



## 9. Endowment

The Campaign’s endowment includes both donor-restricted endowment funds and funds designated by the Board of Directors to function as endowment. As required by generally accepted accounting principles, net assets associated with endowment, including funds designated by the Board of Directors to function as endowment, are classified and reported based on the existence or absence of donor-imposed restrictions.

The following summarizes the Campaign’s endowment-related activities for the year ended March 31, 2023:

	With donor restrictions			Without donor restrictions	Total endowment
	Accumulated endowment return	Endowment principal	Total		
Endowment net assets at beginning of year	\$ 580,496	1,132,009	1,712,505	354,477	2,066,982
Contributions	–	2,678	2,678	–	2,678
Net decrease in the beneficial interest in assets held by the Oregon Community Foundation	(83,340)	–	(83,340)	(17,320)	(100,660)
Appropriation of endowment assets for expenditure	(57,746)	–	(57,746)	(12,254)	(70,000)
Endowment net assets at end of year	\$ 439,410	1,134,687	1,574,097	324,903	1,899,000

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, 2023, 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.

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

During the year ended March 31, 2023, the Campaign’s Board of Directors appropriated \$70,000 for expenditure, including \$57,746 from endowment assets with donor restrictions and \$12,254 from endowment assets without donor restrictions.

#### 10. Net Assets Released from Restrictions

During the year ended March 31, 2023, the Campaign incurred \$71,383 in expenses in satisfaction of the restricted purposes specified by donors, or satisfied the restrictions by the occurrence of other events.

## 11. Expenses

The costs of providing the various programs and activities of the Campaign have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Expenses by natural classification are presented in the statement of functional expenses.

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

## 12. Retirement Plan

The Campaign has established a Section 401(k) defined contribution plan for all employees over age 18. Employees may elect to make voluntary contributions to the plan on a pre-tax basis, up to the limits allowed by law. The Campaign may, at their sole discretion, elect to make discretionary matching contributions to the plan. All contributions are vested fully at the time they are made. Contributions by the Campaign to the plan for the year ended March 31, 2023 totaled \$13,751.

## 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 assets held by OCF.

The fair value of an asset is the amount at which that asset could be bought or sold in a current transaction between willing parties, that is, other than in a forced or liquidation sale; similarly, the fair value of a liability is the amount at which the liability could be transferred in a current transaction between willing parties. Fair values are based on quoted market prices when available. When market prices are not available, fair value is generally estimated using discounted cash flow analyses, incorporating current market inputs for similar financial instruments with comparable terms and credit quality.

All financial assets and liabilities carried at fair value have been classified, for disclosure purposes, based on a hierarchy defined under generally accepted accounting principles. The hierarchy gives the highest ranking to fair values determined using unadjusted quoted prices in active markets for identical assets and liabilities and the lowest ranking to fair values determined using methodologies and models with unobservable inputs, as follows:

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

At March 31, 2023, the Campaign's beneficial interest in assets held by OCF is reported at fair value on a recurring basis under Level 3, representing future cash in-flows to the Campaign measured at fair value based upon a discounted cash flow analysis of the expected income to be derived from the Campaign's interest in these assets. Since the discount rate used for this analysis is considered to be identical to the return that market participants would expect on similar assets, the Campaign has measured the expected cash flows for its beneficial interest as equivalent to the fair value of the underlying assets held and owned by OCF. Management's estimate is based solely on information provided by OCF.

See note 5 for a summary of the beneficial interest in assets held by OCF and the associated activity for the year ended March 31, 2023.

#### 14. Reclassification of 2022 Comparative Totals

Certain 2022 amounts presented herein have been reclassified to conform to the 2023 presentation.

#### 15. Liquidity and Availability of Financial Assets

Financial assets available for general expenditure within one year of the statement of financial position date comprise the following at March 31, 2023:

<i>Total financial assets available:</i>	
Cash and cash equivalents	\$ 685,503
Grants and contributions receivable	150,412
Beneficial interest in assets held by the Oregon Community Foundation	1,896,322
	2,732,237
<i>Less financial assets not available within the year ending March 31, 2024:</i>	
Financial assets restricted by donors for endowment (note 9)	(1,574,097)
Financial assets designated by the Board for quasi-endowment (note 9)	(324,903)
	(1,899,000)
<i>Plus other funds subject to appropriation for expenditure:</i>	
Fiscal year 2024 endowment appropriations for operations	73,985
	\$ 907,222

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 \$324,903. Although the Campaign does not intend to spend from its quasi-endowment other than amounts appropriated for general expenditure as part of its annual budget approval and appropriation process, amounts from its quasi-endowment could be made available if necessary.

## 16. Statement of Cash Flows Reconciliation

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

Decrease in net assets	\$ (74,772)
<hr/>	
<i>Adjustments to reconcile decrease in net assets to net cash used in operating activities:</i>	
Net change in beneficial interest in assets held by the Oregon Community Foundation	100,660
Amortization of ROU assets – operating leases	42,698
Net change in the allowance for uncollectible pledges receivable	28,302
Distribution of investment return earned on assets held by the Oregon Community Foundation ( <i>note 5</i> )	70,000
Proceeds from contributions restricted for long-term investment	(2,678)
<i>Net changes in:</i>	
Grants and contributions receivable	(116,183)
Prepaid expenses and other assets	(1,818)
Accounts payable and accrued expenses	1,658
Grants payable	(245,000)
Lease liabilities – operating leases	(46,831)
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Total adjustments	(169,192)
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Net cash used in operating activities	\$ (243,964)
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THE LAWYERS' CAMPAIGN FOR EQUAL JUSTICE

SCHEDULE OF CHANGES IN NET ASSETS

YEAR ENDED MARCH 31, 2023

	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	\$ 1,252,132	–	1,252,132	29,618	–	–	29,618	1,281,750
Ticket revenue	13,024	–	13,024	–	–	–	–	13,024
Interest income	4,241	–	4,241	–	–	–	–	4,241
Other income	2,732	–	2,732	–	–	–	–	2,732
<b>Total operating revenues and gains</b>	<b>1,272,129</b>	<b>–</b>	<b>1,272,129</b>	<b>29,618</b>	<b>–</b>	<b>–</b>	<b>29,618</b>	<b>1,301,747</b>
Net assets released from restrictions	83,637	(12,254)	71,383	(13,637)	(57,746)	–	(71,383)	–
<b>Total operating revenues, gains, and other support</b>	<b>1,355,766</b>	<b>(12,254)</b>	<b>1,343,512</b>	<b>15,981</b>	<b>(57,746)</b>	<b>–</b>	<b>(41,765)</b>	<b>1,301,747</b>
Expenses:								
Program services	834,327	–	834,327	–	–	–	–	834,327
Management and general	188,039	–	188,039	–	–	–	–	188,039
Fundraising	256,171	–	256,171	–	–	–	–	256,171
<b>Total expenses</b>	<b>1,278,537</b>	<b>–</b>	<b>1,278,537</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>1,278,537</b>
Increase (decrease) in net assets before non-operating activities	77,229	(12,254)	64,975	15,981	(57,746)	–	(41,765)	23,210
Non-operating activities:								
Endowment gifts	–	–	–	–	–	2,678	2,678	2,678
Net change in beneficial interest in assets held by the Oregon Community Foundation	–	(17,320)	(17,320)	–	(83,340)	–	(83,340)	(100,660)
<b>Increase (decrease) in net assets</b>	<b>77,229</b>	<b>(29,574)</b>	<b>47,655</b>	<b>15,981</b>	<b>(141,086)</b>	<b>2,678</b>	<b>(122,427)</b>	<b>(74,772)</b>
Net assets at beginning of year	157,368	354,477	511,845	3,945	580,496	1,132,009	1,716,450	2,228,295
Cumulative effect from the adoption of FASB ASU 2016-02	(13,883)	–	(13,883)	–	–	–	–	(13,883)
<b>Net assets at end of year</b>	<b>\$ 220,714</b>	<b>324,903</b>	<b>545,617</b>	<b>19,926</b>	<b>439,410</b>	<b>1,134,687</b>	<b>1,594,023</b>	<b>2,139,640</b>

THE LAWYERS' CAMPAIGN FOR EQUAL JUSTICE

GOVERNING BOARD AND MANAGEMENT

MARCH 31, 2023

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THE LAWYERS' CAMPAIGN FOR EQUAL JUSTICE

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