

**The Lawyers' Campaign
for Equal Justice**

Financial Statements and Other Information
as of and for the Year Ended March 31, 2010
and Report of Independent Accountants

THE LAWYERS' CAMPAIGN FOR EQUAL JUSTICE

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REPORT OF INDEPENDENT ACCOUNTANTS

The Board of Directors

The Lawyers' Campaign for Equal Justice:

We have audited the accompanying statement of financial position of The Lawyers' Campaign for Equal Justice as of March 31, 2010, and the related statements of activities and cash flows for the year then ended. These financial statements are the responsibility of The Lawyers' Campaign for Equal Justice's management. Our responsibility is to express an opinion on these financial statements based on our audit. The prior year summarized comparative information has been derived from the financial statements of The Lawyers' Campaign for Equal Justice as of March 31, 2009, and, in our report dated July 8, 2009, we expressed an unqualified opinion on those financial statements.

We conducted our audit in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of The Lawyers' Campaign for Equal Justice's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the 2010 financial statements referred to above present fairly, in all material respects, the financial position of The Lawyers' Campaign for Equal Justice as of March 31, 2010, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information included on pages 18 through 21 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

July 22, 2010

THE LAWYERS' CAMPAIGN FOR EQUAL JUSTICE

STATEMENT OF FINANCIAL POSITION

MARCH 31, 2010

(WITH COMPARATIVE AMOUNTS FOR 2009)

	2010	2009
Assets:		
Cash and cash equivalents	\$ 598,160	697,248
Short-term investments	461	499
Grants and contributions receivable (<i>note 3</i>)	224,058	177,713
Beneficial interest in assets held by the Oregon Community Foundation (<i>note 4</i>)	277,845	210,679
Prepaid expenses	1,802	2,295
Furniture and equipment (<i>note 5</i>)	-	386
Total assets	\$ 1,102,326	1,088,820
Liabilities:		
Accounts payable and accrued expenses	365	17,473
Grants payable	676,800	720,000
Total liabilities	677,165	737,473
Net assets:		
Unrestricted:		
Available for programs and general operations	132,413	102,271
Designated by the Board of Directors for endowment (<i>note 6</i>)	168,034	129,501
Cumulative endowment losses (<i>note 6</i>)	-	(9,716)
Net investment in capital assets	-	386
Total unrestricted	300,447	222,442
Temporarily restricted (<i>note 6</i>)	20,409	29,560
Permanently restricted for endowment (<i>note 6</i>)	104,305	99,345
Total net assets	425,161	351,347
Commitments (<i>note 9</i>)		
Total liabilities and net assets	\$ 1,102,326	1,088,820

See accompanying notes to financial statements.

THE LAWYERS' CAMPAIGN FOR EQUAL JUSTICE

STATEMENT OF ACTIVITIES

YEAR ENDED MARCH 31, 2010
(WITH COMPARATIVE TOTALS FOR 2009)

	2010			Total	2009
	Unrestricted	Temporarily restricted	Permanently restricted		
Operating revenues, gains, and other support:					
Grants and contributions	\$ 1,016,056	4,927	—	1,020,983	1,176,367
In-kind contributions	3,249	—	—	3,249	5,021
Ticket revenue	16,350	—	—	16,350	10,075
Contract revenue	3,570	—	—	3,570	8,820
Investment income	4,042	—	—	4,042	2,366
Total operating revenues and gains	1,043,267	4,927	—	1,048,194	1,202,649
Net assets released from restrictions (note 7)	32,895	(32,895)	—	—	—
Total operating revenues, gains, and other support	1,076,162	(27,968)	—	1,048,194	1,202,649
Expenses (note 8):					
Program services:					
Grants	676,800	—	—	676,800	725,500
Education and outreach	119,782	—	—	119,782	121,744
Funding initiatives	67,793	—	—	67,793	69,849
Total program services	864,375	—	—	864,375	917,093
Supporting services:					
Management and general	53,693	—	—	53,693	53,316
Fundraising	128,338	—	—	128,338	129,857
Total supporting services	182,031	—	—	182,031	183,173
Total expenses	1,046,406	—	—	1,046,406	1,100,266
Increase (decrease) in net assets before non-operating activities	\$ 29,756	(27,968)	—	1,788	102,383

Continued

THE LAWYERS' CAMPAIGN FOR EQUAL JUSTICE

STATEMENT OF ACTIVITIES, CONTINUED

YEAR ENDED MARCH 31, 2010
(WITH COMPARATIVE TOTALS FOR 2009)

	2010			Total	2009
	Unrestricted	Temporarily restricted	Permanently restricted		
Non-operating activities:					
Endowment gifts	\$ -	-	4,960	4,960	8,951
Net change in beneficial interest in assets held by the Oregon Community Foundation (<i>note 4</i>)	48,249	18,817	-	67,066	(81,208)
Total non-operating activities	48,249	18,817	4,960	72,026	(72,257)
Increase in net assets	78,005	(9,151)	4,960	73,814	30,126
Net assets at beginning of year	222,442	29,560	99,345	351,347	321,221
Net assets at end of year	\$ 300,447	20,409	104,305	425,161	351,347

See accompanying notes to financial statements.

THE LAWYERS' CAMPAIGN FOR EQUAL JUSTICE

STATEMENT OF CASH FLOWS

YEAR ENDED MARCH 31, 2010
(WITH COMPARATIVE TOTALS FOR 2009)

	2010	2009
Cash flows from operating activities:		
Cash received from donors and grantors	\$ 974,638	1,163,828
Cash received from other sources	19,920	18,895
Cash received from interest income	4,042	3,350
Cash paid to grantees	(720,000)	(720,500)
Cash paid to employees and suppliers	(382,586)	(367,712)
Net cash provided by (used in) operating activities	(103,986)	97,861
Cash flows from investing activities:		
Additions to assets held by the Oregon Community Foundation (<i>note 4</i>)	(100)	(88,013)
Purchase of short-term investments	(646)	-
Cash received on the sale of short-term investments	684	384
Net cash used in investing activities	(62)	(87,629)
Cash flows from financing activities:		
Proceeds from contributions restricted to long-term investment	4,960	8,951
Net cash provided by financing activities	4,960	8,951
Net increase (decrease) in cash and cash equivalents	(99,088)	19,183
Cash and cash equivalents at beginning of year	697,248	678,065
Cash and cash equivalents at end of year	\$ 598,160	697,248

See accompanying notes to financial statements.

THE LAWYERS' CAMPAIGN FOR EQUAL JUSTICE

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED MARCH 31, 2010

1. Organization

The Lawyers' Campaign for Equal Justice was established in 1991 as a private, nonprofit organization located in Portland, Oregon, and works to support 100 legal aid attorneys in 19 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 \$17 million over the last 19 years.

During the year ended March 31, 2010, the Campaign incurred program service expenses in the following major categories:

- *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.
- *Funding Initiatives* – Because only 20% of the legal needs of low-income Oregonians can be met with current resources, the Campaign works to increase funding through grants, foundation support, state and federal funding, and direct fundraising from private attorneys.

The Campaign and its volunteers also work to increase state, federal, and other private funding of organizations working on behalf of legal aid throughout the state. 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 – The Campaign has adopted the provisions of Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") No. 958-605, *Revenue Recognition* and FASB ASC No. 958-205 *Presentation of Financial Statements*. Under these provisions, net assets and all balances and transactions 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:

- *Unrestricted net assets* – Net assets not subject to donor-imposed stipulations. This category includes unrestricted net assets that the Campaign's Board of Directors has set aside to function as a true endowment fund.

- *Temporarily restricted net assets* – 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 externally restricted contributions and investment return to be used for specific programs and activities as directed by the donor.
- *Permanently restricted net assets* – Net assets subject to donor-imposed stipulations that they be maintained permanently by the Campaign. 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 unrestricted net assets. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in unrestricted net assets unless their use is restricted by explicit donor stipulation or by law. Expirations of temporary 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 the Campaign's management, such differences, if any, would not be significant.

Contributions – Contributions, which include unconditional promises to give (pledges), are recognized as revenues in the period 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.

Pledges for the support of future operations, programs, and activities are recorded at the present value of the estimated future cash flows, net of an allowance for contributions receivable doubtful of collection. The allowance for contributions receivable doubtful of collection is provided based upon management's judgment and such factors as prior collection history, type of contribution, and nature of the fundraising activity.

Contributions of capital assets without donor stipulations concerning the use of such long-lived assets are reported as revenues of the unrestricted net asset class. Contributions of cash or other assets to be used to acquire capital assets with such donor stipulations are reported as revenues of the temporarily restricted net asset class; the restrictions are considered to be released at the time of acquisition of such long-lived 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 the probate court has declared the testamentary instrument valid and the proceeds are measurable. Management estimates that the Campaign is currently a beneficiary of various wills and trusts for amounts totaling approximately \$350,000.

In-Kind Contributions – 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, 2010, the Campaign recorded \$3,249 in contributed accounting services.

In-kind contribution of equipment and other materials and free use of facilities are recorded when there is an objective basis upon which to value the contributions where the contributions are an essential part of the Campaign's activities. During the year ended March 31, 2010, the Campaign recorded no contributed equipment.

Cash Equivalents – For purposes of the financial statements, the Campaign considers all liquid investments having initial maturities of three months or less to be cash equivalents. At March 31, 2010, the Campaign held \$249,082 in money market funds.

Investments – Investments are carried at market value. Net appreciation (decline) in the fair value of investments, which consists of the realized gains or losses and the unrealized appreciation (decline) of those investments, is shown in the statement of activities. Interest income is accrued as earned and is reported net of investment advisory fees. Security transactions are recorded on a trade date basis.

Capital Assets and Depreciation – Capital assets are carried at cost when purchased, or at fair market value when acquired by gift. Purchases of capital assets having a unit cost of \$500 or more and an estimated useful life of more than one year are capitalized and carried at cost. Depreciation is provided on a straight-line basis over the estimated useful lives of the respective assets, which is generally five years for furniture and office equipment.

Revenue Recognition – All contributions and grants are considered available for unrestricted use unless specifically restricted by a donor. Service revenues are recognized at the time services are provided and the revenues are earned.

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

Endowment Funds and Interpretation of Relevant Law – Effective January 1, 2008, the State of Oregon adopted the Uniform Prudent Management of Institutional Funds Act ("UPMIFA") which governs Oregon charitable institutions with respect to the management, investment, and expenditure of donor-restricted endowment funds.

The 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 permanently restricted net assets (1) the original value of gifts donated to the permanent endowment, (2) subsequent gifts to the endowment, and (3) accumulations made pursuant to the direction of the applicable donor gift instrument at the time the accumulation is added to the fund.

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

With regard to endowment losses or appropriations in excess of the fair value of the original gift, in accordance FASB ASC No. 958-320, *Investments – Debt and Equity Securities*, the portion of a donor restricted endowment that is classified as permanently restricted is not reduced by losses on the investments of the fund, except to the extent required by the donor, including losses related to specific investments that the donor requires the Campaign to hold in perpetuity. Similarly, the amount of permanently restricted net assets is not reduced by the Campaign's appropriations from the fund. In the absence of donor stipulations or law to the contrary, losses or appropriations of a donor-restricted endowment reduce temporarily restricted net assets to the extent that donor-imposed temporary restrictions on net appreciation of the fund have not been satisfied before the loss or appropriation occurs. Any remaining loss or appropriation reduces unrestricted net assets.

In accordance with UPMIFA, the Board of Directors has adopted investment and spending policies for endowment assets that will 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.

During the year ended March 31, 2010, the Campaign's Board of Directors did not appropriate any funds for expenditure.

Operating Results – Results from operations in the statement of activities reflect all transactions increasing or decreasing unrestricted net assets 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 money market funds, grants and contributions receivable, and the Campaign's beneficial interest in assets held by OCF. The Campaign's cash equivalents and other investments may subject the organization to concentrations of credit risk as, from time to time, cash balances may exceed amounts insured by the Federal Deposit Insurance Corporation, the market value of securities are dependent on the ability of the issuer to honor its contractual commitments, and the assets are subject to changes in market values.

The Campaign's beneficial interest in assets held by the Oregon Community Foundation (see note 4) is subject to changes in the market values of the underlying assets owned by OCF (from which the value of the Campaign's beneficial interest has been derived), and is also dependent on the value of the assets being commensurate with the value of distributions expected to be made to the Campaign by OCF in future years.

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. In addition, the Campaign has been recognized as a public charity under Section 509(a)(1) and 170(b)(1)(A)(vi) of the Internal Revenue Code.

Subsequent Events – As required by FASB ASC No. 855, *Subsequent Events*, subsequent events have been evaluated by management through July 22, 2010, which is the date the financial statements were available to be issued.

Summarized Financial Information for 2009 – The accompanying financial information as of and for the year ended March 31, 2009, 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 totaled \$224,058 at March 31, 2010 and represented unconditional promises expected to be collected in less than one year as follows:

Contributions receivable	\$ 255,949
Less allowance for doubtful collection	(31,891)
	\$ 224,058

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 market value of \$262,967 at March 31, 2010) and the Jackson County Center for Non-profit Legal Services Endowment Fund (with an estimated market value of \$14,878 at March 31, 2010).

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.

In accordance with FASB ASC No. 958-605, *Revenue Recognition*, 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, 2010 are summarized as follows:

Balance at beginning of year	\$ 210,679
Plus additions	100
Plus increase in the fair market value of the funds	67,066
Balance at end of year	\$ 277,845

Under the terms of its agreement with the Oregon Community Foundation, the funds are invested at the discretion of OCF and are held in a mixture of asset classes designed to maximize return while minimizing risk. The Campaign may receive quarterly distributions of investment return in accordance with OCF's spending policies (currently 4.5% 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, 2010, there were no distributions made to the Campaign.

Investments at March 31, 2010 are held for the following purposes:

Donor-restricted endowment funds	\$ 90,994
Unappropriated endowment earnings	18,817
Funds designated by the Board of Directors for endowment	168,034
	\$ 277,845

In addition, the Campaign held \$13,311 of endowment funds in cash and cash equivalents at March 31, 2010.

5. Furniture and Equipment

A summary of furniture and equipment at March 31, 2010, is as follows:

Office furniture and equipment	\$ 9,757
Less accumulated depreciation	(9,757)
	\$ -

6. Restrictions and Limitations on Net Asset Balances

Designated by the Board of Directors for Endowment

At March 31, 2010, the Campaign's Board of Directors had designated and set aside \$168,034 for endowment purposes.

Temporarily Restricted Net Assets

Temporarily restricted net assets at March 31, 2010 total \$20,409 and consist of grants and contributions, and unexpended revenues and gains available for specific program services or future periods, as follows:

Herbold Fund for the representation of the elderly Services in Jackson County	\$ 15,812
Unappropriated unrestricted endowment earnings	228
Future periods	1,592
	\$ 20,409

Continued

Permanently Restricted Net Assets

At March 31, 2010, the Campaign held \$104,305 in endowment funds. The return generated by the investment of these permanently restricted net assets is restricted or unrestricted as follows:

Herbold Fund for the representation of elderly Services in Jackson County Unrestricted	\$ 88,439 12,100 3,766
	\$ 104,305

The Campaign's endowment consists of individual funds established for a variety of purposes, and 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 organization's endowment-related activities for the year ended March 31, 2010:

	Donor-restricted endowment			Total	Board-designated endowment unrestricted	Total endowment
	Unrestricted	Temporarily restricted	Permanently restricted			
Endowment net assets at beginning of year	\$ (9,716)	-	99,345	89,629	129,501	219,130
Contributions	-	-	4,960	4,960	-	4,960
Net increase in beneficial interest in assets held by the Oregon Community Foundation	9,716	18,817	-	28,533	38,533	67,066
Endowment net assets at end of year	\$ -	18,817	104,305	123,122	168,034	291,156

7. Net Assets Released from Restrictions

During the year ended March 31, 2010, the Campaign incurred \$32,895 in expenses in satisfaction of the restricted purposes specified by donors, or satisfied the restrictions by the occurrence of other events. Accordingly, a corresponding amount has been reported as a reclassification from temporarily restricted net assets to unrestricted net assets in the accompanying statement of activities.

8. 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.

Costs by their natural classification are summarized in the schedule of functional expenses.

9. Operating Lease

The Campaign leases its office space under a lease agreement which expires on May 31, 2013. At March 31, 2010, the Campaign's aggregate lease commitments are as follows:

<i>Years ending March 31,</i>	
2011	\$ 21,316
2012	22,606
2013	23,284
2014	3,902
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	\$ 71,108

Rent expense for the year ended March 31, 2010, totaled \$22,533.

10. Fair Value Measurements

The accompanying financial statements report the organization's investments at fair value. These assets have been classified, for disclosure purposes, based on a hierarchy defined by FASB ASC No. 820, *Fair Value Measurements and Disclosures*. The hierarchy gives the highest ranking to fair values determined using unadjusted quoted prices in active markets for identical assets and liabilities (Level 1) and the lowest ranking to fair values determined using methodologies and models with unobservable inputs (Level 3), 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 organization'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, 2010, the organization's investments have been measured at fair value on a recurring basis using quoted prices for similar assets (i.e., Level 1).

At March 31, 2010, the Campaign's beneficial interest in assets held by the Oregon Community Foundation is reported at market 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 4 for a summary of the beneficial interest in assets held by OCF and the associated activity for the year ended March 31, 2010.

11. Reclassification of 2009 Comparative Totals

Certain 2009 amounts presented herein have been reclassified to conform to the 2010 presentation.

12. Statement of Cash Flows Reconciliation

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

Increase in net assets	\$ 73,814
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<i>Adjustments to reconcile increase in net assets to net cash used in operating activities:</i>	
Depreciation	299
Disposal of asset	87
Net change in beneficial interest in assets held by the Oregon Community Foundation	(67,066)
Proceeds from contributions restricted for long-term investment	(4,960)
<i>Net changes in:</i>	
Grants and contributions receivable	(46,345)
Prepaid expenses	493
Accounts payable and accrued expenses	(17,108)
Grants payable	(43,200)
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Total adjustments	(177,800)
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Net cash used in operating activities	\$ (103,986)
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THE LAWYERS' CAMPAIGN FOR EQUAL JUSTICE

SCHEDULE OF FUNCTIONAL EXPENSES

YEAR ENDED MARCH 31, 2010
(WITH COMPARATIVE TOTALS FOR 2009)

	2010				
	Program services			Total	Management and general
	Grants	Education and outreach	Funding initiatives		
Grants	\$ 676,800	-	-	676,800	-
Salaries and related expenses	-	67,539	49,011	116,550	24,959
Contract services	-	28,244	2,083	30,327	18,933
Printing	-	5,377	3,792	9,169	46
Postage and mailing	-	3,416	2,110	5,526	540
Office expenses	-	3,842	2,196	6,038	750
Occupancy	-	6,776	5,195	11,971	3,162
Telephone	-	1,174	754	1,928	459
Insurance	-	-	-	-	1,955
Travel and conferences	-	1,562	1,567	3,129	708
Bank fees	-	42	-	42	79
Depreciation	-	-	-	-	299
Other	-	1,810	1,085	2,895	1,803
Total expenses	\$ 676,800	119,782	67,793	864,375	53,693

Supporting services

Fund-raising	Total	Total	2009
-	-	676,800	725,500
64,847	89,806	206,356	196,088
10,729	29,662	59,989	66,636
21,692	21,738	30,907	37,447
11,586	12,126	17,652	17,391
3,770	4,520	10,558	11,466
7,400	10,562	22,533	25,317
2,304	2,763	4,691	3,810
-	1,955	1,955	1,520
1,548	2,256	5,385	8,053
3,798	3,877	3,919	3,272
-	299	299	509
664	2,467	5,362	3,257
128,338	182,031	1,046,406	1,100,266

THE LAWYERS' CAMPAIGN FOR EQUAL JUSTICE

SCHEDULE OF CHANGES IN NET ASSETS

YEAR ENDED MARCH 31, 2010

	General operating fund	Designated by Board of Directors for endowment	Unrestricted Accumulated endowment losses	Net investment in capital assets
Operating revenues, gains, and other support:				
Grants and contributions	\$ 1,008,016	-	-	-
In-kind contributions	3,249	-	-	-
Ticket revenue	16,350	-	-	-
Contract revenue	3,570	-	-	-
Investment income	4,042	-	-	-
Total operating revenues and gains	1,035,227			
Net assets released from restrictions	40,935	-	-	-
Total operating revenues, gains, and other support	1,076,162	-	-	-
Expenses:				
Program services	864,375	-	-	
Management and general	53,307	-	-	386
Fundraising	128,338	-	-	
Total expenses	1,046,020	-	-	386
Increase (decrease) in net assets before non-operating activities	30,142	-	-	(386)
Non-operating activities:				
Endowment gifts	-	-	-	-
Net increase in beneficial interest in assets held by the Oregon Community Foundation	-	38,533	9,716	-
Increase (decrease) in net assets	30,142	38,533	9,716	(386)
Net assets at beginning of year	102,271	129,501	(9,716)	386
Net assets at end of year	\$ 132,413	168,034	-	-

Total	Donor restricted			Total	Total	
	Temporarily restricted		Total			Permanently restricted for endowment
	Contributions	Endowment earnings				
1,008,016	12,967	—	12,967	—	1,020,983	
3,249	—	—	—	—	3,249	
16,350	—	—	—	—	16,350	
3,570	—	—	—	—	3,570	
4,042	—	—	—	—	4,042	
1,035,227	12,967	—	12,967	—	1,048,194	
40,935	(40,935)	—	(40,935)	—	—	
1,076,162	(27,968)	—	(27,968)	—	1,048,194	
864,375	—	—	—	—	864,375	
53,693	—	—	—	—	53,693	
128,338	—	—	—	—	128,338	
1,046,406	—	—	—	—	1,046,406	
29,756	(27,968)	—	(27,968)	—	1,788	
—	—	—	—	4,960	4,960	
48,249	—	18,817	18,817	—	67,066	
78,005	(27,968)	18,817	(9,151)	4,960	73,814	
222,442	29,560	—	29,560	99,345	351,347	
300,447	1,592	18,817	20,409	104,305	425,161	

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¹ Through December 31, 2009.

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