



FINANCIAL STATEMENTS

Year Ended December 31, 2010

with

Independent Auditors' Report

JUVENILE RIGHTS PROJECT, INC.

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Independent Auditors' Report

The Board of Directors
Juvenile Rights Project, Inc.

We have audited the accompanying statement of financial position of Juvenile Rights Project, Inc. (a nonprofit organization) as of December 31, 2010, and the related statements of activities, functional expenses, and cash flows for the year then ended. These financial statements are the responsibility of Juvenile Rights Project, Inc.'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 Juvenile Rights Project, Inc.'s 2009 financial statements and, in our report dated May 7, 2010, we expressed an unqualified opinion on those financial statements.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. 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 examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes 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 Juvenile Rights Project, Inc. as of December 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 of America.

Hoffman, Stewart & Schmidt, P.C.

May 16, 2011

JUVENILE RIGHTS PROJECT, INC.

Statement of Financial Position

December 31,	2010	2009
ASSETS		
Cash and cash equivalents	\$ 633,437	\$ 417,989
Contributions receivable <i>(Note 3)</i>	128,075	257,525
Contract receivable	44,826	48,028
Other receivables	8,417	2,293
Prepaid expenses and deposit	71,793	82,847
Property and equipment, net <i>(Note 4)</i>	57,896	72,675
Total assets	\$ 944,444	\$ 881,357
LIABILITIES AND NET ASSETS		
Liabilities:		
Accounts payable and accrued expenses	\$ 112,191	\$ 119,179
Deferred rent expense <i>(Note 5)</i>	100,996	94,210
Advance on PDSC contract <i>(Note 6)</i>	383,158	268,676
Total liabilities	596,345	482,065
Commitments <i>(Note 5)</i>		
Net assets:		
Unrestricted:		
Undesignated	157,128	46,717
Net investment in property and equipment	57,896	72,675
Total unrestricted	215,024	119,392
Temporarily restricted <i>(Note 9)</i>	133,075	279,900
Total net assets	348,099	399,292
Total liabilities and net assets	\$ 944,444	\$ 881,357

The accompanying notes are an integral part of the financial statements.

JUVENILE RIGHTS PROJECT, INC.

Statement of Activities

Year Ended December 31, 2010 (With Comparative Totals for 2009)

	Unrestricted	Temporarily Restricted	Total	
			2010	2009
Revenue and other support:				
PDSC contract revenue (Note 6)	\$ 2,015,038	\$ -	\$ 2,015,038	\$ 2,033,890
Other contract revenue	229,893	-	229,893	108,477
Program service fees	8,517	-	8,517	30,497
Contributions (Note 10)	21,809	115,575	137,384	152,843
Special events	118,368	-	118,368	69,577
Less direct costs	(48,574)	-	(48,574)	(14,560)
Net proceeds from special events	69,794	-	69,794	55,017
In-kind contributions	-	-	-	3,150
Interest income	1,463	-	1,463	2,814
Other	16,847	-	16,847	7,529
Net assets released from restrictions (Note 9)	262,400	(262,400)	-	-
Total revenue and other support	2,625,761	(146,825)	2,478,936	2,394,217
Expenses:				
Program services	2,224,064	-	2,224,064	2,223,769
Management and general	198,812	-	198,812	224,699
Fund-raising	107,253	-	107,253	96,373
Total expenses	2,530,129	-	2,530,129	2,544,841
Increase (decrease) in net assets	95,632	(146,825)	(51,193)	(150,624)
Net assets, beginning of year	119,392	279,900	399,292	549,916
Net assets, end of year	\$ 215,024	\$ 133,075	\$ 348,099	\$ 399,292

The accompanying notes are an integral part of the financial statements.

JUVENILE RIGHTS PROJECT, INC.

Statement of Functional Expenses

Year Ended December 31, 2010 (With Comparative Totals for 2009)

	Program Services				Management and General	Fund- raising	Total	
	Defense	Advocacy	Education	Total			2010	2009
Salaries and related expenses	\$ 1,387,287	\$ 108,449	\$ 283,961	\$ 1,779,697	\$ 123,941	\$ 72,003	\$ 1,975,641	\$ 2,008,327
Occupancy	178,009	14,840	34,698	227,547	15,419	8,381	251,347	239,100
Professional services	18,535	30,713	1,665	50,913	51,916	11,014	113,843	98,903
Travel	54,745	2,283	5,925	62,953	1,183	709	64,845	69,993
Supplies, printing and postage	26,382	1,995	5,198	33,575	1,899	9,096	44,570	51,325
Insurance	15,564	1,226	2,830	19,620	1,269	686	21,575	20,985
Training and conferences	6,832	419	207	7,458	175	532	8,165	12,819
Equipment rental and maintenance	990	82	193	1,265	86	146	1,497	3,703
Memberships	10,719	832	1,760	13,311	439	92	13,842	12,345
Discovery and case expenses	4,473	-	-	4,473	-	-	4,473	2,979
Depreciation and amortization	11,949	1,160	2,326	15,435	1,042	564	17,041	13,324
Bad debt	-	-	-	-	-	350	350	-
Miscellaneous	5,207	1,900	710	7,817	1,443	3,680	12,940	11,038
Total expenses	\$ 1,720,692	\$ 163,899	\$ 339,473	\$ 2,224,064	\$ 198,812	\$ 107,253	\$ 2,530,129	\$ 2,544,841

The accompanying notes are an integral part of the financial statements.

JUVENILE RIGHTS PROJECT, INC.

Statement of Cash Flows

Year Ended December 31,	2010	2009
Cash flows from operating activities:		
Cash received from contractors	\$ 2,362,615	\$ 2,124,664
Cash received from contributors	336,628	412,433
Interest income	1,463	2,162
Other receipts	25,364	38,026
Cash paid to employees and vendors	(2,508,360)	(2,512,134)
Net cash provided by operating activities	217,710	65,151
Cash flows from investing activities:		
Purchases of property and equipment	(2,262)	(25,442)
Proceeds from sale of investments	-	25,190
Net cash used by investing activities	(2,262)	(252)
Net increase in cash and cash equivalents	215,448	64,899
Cash and cash equivalents, beginning of year	417,989	353,090
Cash and cash equivalents, end of year	\$ 633,437	\$ 417,989
Reconciliation of decrease in net assets to cash provided by operating activities:		
Decrease in net assets	\$ (51,193)	\$ (150,624)
Adjustments to reconcile decrease in net assets to net cash provided by operating activities:		
Depreciation and amortization	17,041	13,324
Donated investments	-	(12,963)
Gain from sale of investments	-	(652)
Changes in operating assets and liabilities:		
Contributions receivable	129,450	209,725
Contract receivable	3,202	(48,028)
Other receivables	(6,124)	7,811
Prepaid expenses and deposit	11,054	(5,389)
Accounts payable and accrued expenses	(6,988)	9,218
Deferred rent expense	6,786	12,404
Advance on PDSC contract	114,482	30,325
Net cash provided by operating activities	\$ 217,710	\$ 65,151

The accompanying notes are an integral part of the financial statements.

JUVENILE RIGHTS PROJECT, INC.

Notes to Financial Statements

1. Nature of Activities

Juvenile Rights Project, Inc. (JRP) is a public charity organized in 1985 as Oregon's only public interest law firm devoted exclusively to representing children and youth in juvenile court. JRP now represents children, youth and parents in juvenile court, including dependency and delinquency matters. JRP represents clients who have been deemed indigent in the Multnomah County Juvenile Court and in the Oregon Court of Appeals. JRP also advocates for the educational rights of students in local public school systems and provides a HelpLine service for youth and their adult advocates in Oregon who request information, referral, legal advice, and brief legal services. JRP is supported by state contracts, foundation grants, and individual donors.

JRP's primary support is from the Oregon Judicial Department, Public Defense Service Commission (PDSC) under a contract effective through December 31, 2011. Support from PDSC during 2010 and 2009 represented approximately 82 percent and 85 percent of total revenue and support, respectively (*Note 6*).

2. Significant Accounting Policies

Basis of Presentation - Net assets and all balances and transactions are presented based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of JRP and changes therein are classified and reported as follows:

Unrestricted net assets - Net assets not subject to donor-imposed stipulations.

Temporarily restricted net assets - Net assets subject to donor-imposed stipulations that will be met either by actions of JRP and/or the passage of time.

Expenses are reported as decreases in unrestricted net assets. Gains and losses on 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 accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements. Estimates also affect the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates. Estimates are used in the financial statements for, among other things, the calculation of any allowance for uncollectible receivables, the estimated useful lives of property and equipment, the allocation of certain costs by function, and the calculation of the liability for contract advances on the PDSC contract.

JUVENILE RIGHTS PROJECT, INC.

Notes to Financial Statements - Continued

2. Significant Accounting Policies - Continued

Cash and Cash Equivalents - JRP considers all highly-liquid debt instruments with a maturity of three months or less when purchased to be cash equivalents.

Contributions Receivable - Contributions receivable that are collectible in one year or less are recorded at estimated net realizable value. Contributions receivable that are collectible in more than one year, if material, are recorded at the present value of estimated future cash flows.

Contribution Recognition - Contributions, which include unconditional promises to give, 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.

JRP reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. All contributions are considered available for unrestricted use unless specifically restricted by the donor. Pledges are recorded as received and allowances, if any, are provided for amounts estimated to be uncollectible.

JRP reports gifts of property and equipment as unrestricted support unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. Absent explicit donor stipulations about how long those long-lived assets must be maintained, JRP reports expirations of donor restrictions of donated or acquired long-lived assets when the asset is placed into service.

Contributions of donated services that create or enhance nonfinancial assets or that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation, are recorded at their fair values in the period received.

Contract Receivable - Receivables are recognized as services are provided. Management provides for probable uncollectible amounts, if any, through a provision for bad debt expense and an adjustment to a valuation allowance based on its assessment of the current status of individual accounts. No valuation allowance was determined necessary for the years ended December 31, 2010 and 2009.

Property and Equipment - Acquisitions of property and equipment in excess of \$500 are capitalized. Capitalized property and equipment are stated at cost or, if donated, at fair market value at the time of receipt. Depreciation and amortization of property and equipment are calculated using the straight-line method over the estimated useful lives of the assets, as follows:

Office furniture and equipment	4 - 5 years
Leasehold improvements	10 years

JUVENILE RIGHTS PROJECT, INC.

Notes to Financial Statements - Continued

2. Significant Accounting Policies - Continued

Deferred Rent Expense - JRP records lease expense over the lease term on a straight-line basis for leases with fixed escalation clauses. Accordingly, JRP recognizes deferred rent to the extent that the straight-line recognition of lease expense exceeds required lease rental payments. Deferred rents are reduced when lease payment requirements exceed the recognized amount of expense.

Functional Allocation of Expenses - The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of functional expenses. Certain costs have been allocated among the program and supporting services benefited.

Income Taxes - JRP is exempt from Federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code. No provision for income taxes is made in the accompanying financial statements, as JRP has no activities subject to unrelated business income tax. JRP is not a private foundation.

Accounting principles generally accepted in the United States of America prescribe a recognition threshold and measurement process for accounting for uncertain tax positions, and also provide guidance on various related matters such as interest, penalties, and required disclosures. Management believes JRP does not have any uncertain tax positions. JRP files informational returns. Generally, the returns are subject to examination by income tax authorities for three years from the filing of a return. As such, the returns for 2007, 2008, and 2009 are currently subject to examination. Interest or penalties assessed by taxing authorities, if any, would be included with management and general expenses.

Summarized Financial Information for 2009 - The accompanying financial information as of and for the year ended December 31, 2009, is presented for comparative purposes only and is not intended to represent a complete financial statement presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with JRP's financial statements for the year ended December 31, 2009, from which the summarized information was derived.

Reclassifications - Certain information in the 2009 financial statements has been reclassified for comparative purposes to conform with the 2010 presentation.

JUVENILE RIGHTS PROJECT, INC.

Notes to Financial Statements - Continued

3. Contributions Receivable

Contributions receivable consist of the following at December 31:

	2010	2009
Restricted for an education program	\$ 95,000	\$ 215,000
Restricted for an advocacy program	33,075	42,525
	<u>\$ 128,075</u>	<u>\$ 257,525</u>

Contributions receivable are expected to be received in:

	2010	2009
Less than one year	\$ 128,075	\$ 232,525
One to five years	-	25,000
	<u>\$ 128,075</u>	<u>\$ 257,525</u>

A discount to present value for amounts expected to be received in one to five years at December 31, 2009, has not been recorded as the amount was determined to be immaterial to the financial statements.

4. Property and Equipment

Property and equipment at December 31, 2010 and 2009, consists of the following:

	2010	2009
Office furniture and equipment	\$ 151,610	\$ 184,984
Leasehold improvements	47,982	47,982
	199,592	232,966
Less accumulated depreciation and amortization	<u>(141,696)</u>	<u>(160,291)</u>
Property and equipment, net	<u>\$ 57,896</u>	<u>\$ 72,675</u>

JUVENILE RIGHTS PROJECT, INC.

Notes to Financial Statements - Continued

5. Operating Leases

Effective June 1, 2007, JRP entered into a ten-year lease agreement for office space. The lease calls for monthly base rent of \$14,889 with an annual 3 percent inflation adjustment. JRP recognized deferred rent, which represents the difference between straight-line recognition of lease expense and actual lease payments made. Deferred rent expense totaled \$100,996 and \$94,210 at December 31, 2010 and 2009, respectively.

JRP leases certain office equipment under operating leases that expire through August, 2015.

Future minimum payments due under the aforementioned leases are as follows:

Years Ending December 31,	Amount
2011	\$ 214,751
2012	220,144
2013	226,361
2014	232,766
2015	233,551
Thereafter	<u>330,157</u>
	<u><u>\$ 1,457,730</u></u>

Lease expense for the years ended December 31, 2010 and 2009, approximated \$215,205 and \$217,760, respectively.

6. PDSC Contract

The majority of JRP's revenue comes from a two-year contract with the Public Defense Services Commission (PDSC). The contract provides minimum caseload requirements throughout the contract period and for renegotiation when the probable number of available cases increases or decreases substantially.

JRP's total case overage or underage for each two-year period, and the result of actual negotiations with PDSC, determines either the amount to be paid to or to be received from PDSC or the amount to be settled with PDSC through future contract terms. During March, 2010, the total case underage under the contract for the two-year period ended December 31, 2009, was negotiated and finalized. At December 31, 2010, there was a case underage relating to the contract period ending December 31, 2011. As a result, a liability was recorded and labeled "advance on PDSC contract" in the accompanying statement of financial position and totaled \$383,158 and \$268,676, for the years ended December 31, 2010 and 2009, respectively. This balance represents the dollar amount management expects to settle with the PDSC through a reduction in funding for the contract for the two-year period ending December 31, 2011, and by providing additional work during future contracts.

JUVENILE RIGHTS PROJECT, INC.

Notes to Financial Statements - Continued

7. Line of Credit

JRP has a \$100,000 unsecured line of credit with Bank of the West. Interest is payable at the bank's prime rate plus 1 percent (4.25 percent at December 31, 2010 and 2009). There were no outstanding borrowings on the line at December 31, 2010 and 2009.

8. Retirement Plan

JRP maintains a 401(k) retirement plan and trust (the Plan). The Plan covers substantially all employees employed longer than six months. Employees may make voluntary contributions to the Plan. JRP's contributions to the Plan are determined each year on a discretionary basis. Currently, JRP has elected to contribute 1 percent of salary for all eligible employees, plus a matching contribution equal to 50 percent of employee contributions, up to a maximum of one percent of compensation for a total maximum contribution of 2 percent of eligible compensation. Employer contributions to the Plan totaled \$29,766 and \$34,511 for the years ended December 31, 2010 and 2009, respectively.

9. Temporarily Restricted Net Assets

Temporarily restricted net assets are available for use on reform efforts, including legislative work and efforts to improve Oregon's foster care system. A breakdown by type of program at December 31, 2010 and 2009, is as follows:

	2010	2009
Education	\$ 100,000	\$ 224,000
Advocacy	33,075	55,900
	<u>\$ 133,075</u>	<u>\$ 279,900</u>

During the year ended December 31, 2010, net assets of \$262,400 were released from restrictions by either incurring expenses related to the restricted purposes specified by donors or by the passage of time.

JUVENILE RIGHTS PROJECT, INC.

Notes to Financial Statements - Continued

10. Contributions

Contributions were received from the following sources during the years ended December 31:

	2010	2009
Foundations	\$ 107,816	\$ 115,999
Individuals	29,568	36,844
	<u>\$ 137,384</u>	<u>\$ 152,843</u>

11. Concentrations of Credit Risk

JRP maintains its cash balances in various financial institutions located in Portland, Oregon. The balances are insured by the Federal Deposit Insurance Corporation up to specified limits. JRP's cash balances, at times, may exceed those limits.

12. Subsequent Events

Management has evaluated subsequent events through May 16, 2011, the date the financial statements were available for issue.

Subsequent to December 31, 2010, JRP changed its name to Youth, Rights and Justice.