

**CATHOLIC LEGAL IMMIGRATION
NETWORK, INC.**

AUDITED FINANCIAL STATEMENTS

December 31, 2014 and 2013

CATHOLIC LEGAL IMMIGRATION NETWORK, INC.
AUDITED FINANCIAL STATEMENTS
December 31, 2014 and 2013

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Independent Auditors' Report

To the Board of Directors
Catholic Legal Immigration Network, Inc.
Silver Spring, MD

We have audited the accompanying financial statements of Catholic Legal Immigration Network, Inc. (CLINIC), which comprise the statements of financial position as of December 31, 2014 and 2013, and the related statements of activities, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. 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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above, present fairly, in all material respects, the financial position of Catholic Legal Immigration Network, Inc. as of December 31, 2014, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matter

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The schedules of functional expenses are presented for purposes of additional analysis and are not a required part of the 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 information has been subjected to the auditing procedures applied in the audits of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Prior Period Financial Statements

The financial statements as of December 31, 2013, were audited by McQuade Brennan LLP, who merged with Jones, Maresca & McQuade, P.A. as of February 1, 2015, and whose report dated May 23, 2014, expressed an unmodified opinion on those statements.

Jane Maresca & McQuade PA

Washington, DC
May 28, 2015

**CATHOLIC LEGAL IMMIGRATION NETWORK, INC.
STATEMENTS OF FINANCIAL POSITION**

| <i>December 31,</i> | 2014 | 2013 |
|---|---------------------|---------------------|
| ASSETS | | |
| CURRENT ASSETS | | |
| Cash and cash equivalents | \$ 1,371,962 | \$ 1,547,552 |
| Accounts receivable, net | 192,685 | 42,065 |
| Contributions receivable | 533,422 | 62,674 |
| Federal grants receivable | 46,490 | 66,165 |
| Prepaid expenses and other assets | 77,161 | 122,282 |
| TOTAL CURRENT ASSETS | 2,221,720 | 1,840,738 |
| NON-CURRENT ASSETS | | |
| Investments | 5,312,178 | 3,951,473 |
| Property and equipment, net | 426,099 | 408,235 |
| TOTAL NON-CURRENT ASSETS | 5,738,277 | 4,359,708 |
| TOTAL ASSETS | 7,959,997 | 6,200,446 |
| LIABILITIES AND NET ASSETS | | |
| CURRENT LIABILITIES | | |
| Accounts payable | 197,867 | 254,182 |
| Accrued expenses | 487,654 | 502,583 |
| Deferred revenue | 144,975 | 89,906 |
| TOTAL CURRENT LIABILITIES | 830,496 | 846,671 |
| DEFERRED RENT | 326,582 | 396,864 |
| TOTAL LIABILITIES | 1,157,078 | 1,243,535 |
| NET ASSETS | | |
| Unrestricted: | | |
| Unrestricted | 4,726,851 | 3,439,198 |
| Board designated | 680,209 | 648,753 |
| Total unrestricted | 5,407,060 | 4,087,951 |
| Temporarily restricted | 1,395,859 | 868,960 |
| TOTAL NET ASSETS | 6,802,919 | 4,956,911 |
| TOTAL LIABILITIES AND NET ASSETS | \$ 7,959,997 | \$ 6,200,446 |

The notes to the financial statements are an integral part of these statements.

CATHOLIC LEGAL IMMIGRATION NETWORK, INC.
STATEMENT OF ACTIVITIES

| <i>For the Years Ended December 31,</i> | 2014 | | |
|--|---------------------|-----------------------------------|---------------------|
| | Unrestricted | Temporarily Restricted | Total |
| REVENUE AND SUPPORT | | | |
| United States Conference of Catholic Bishops support | \$ 2,612,433 | \$ - | \$ 2,612,433 |
| Professional services fees | 25,763 | - | 25,763 |
| Religious contracts | 1,085,112 | - | 1,085,112 |
| Federal awards | 187,435 | - | 187,435 |
| Other grants and contributions | 828,833 | 1,135,000 | 1,963,833 |
| Investment income | 122,642 | - | 122,642 |
| Training and seminars | 1,018,588 | - | 1,018,588 |
| Membership and other | 250,150 | - | 250,150 |
| Net assets released from restrictions | 608,101 | (608,101) | - |
| TOTAL REVENUE AND SUPPORT | 6,739,057 | 526,899 | 7,265,956 |
| EXPENSES | | | |
| PROGRAM SERVICES | | | |
| Direct representation | 948,230 | - | 948,230 |
| Education and network growth | 2,876,171 | - | 2,876,171 |
| Advocacy and community engagement | 633,293 | - | 633,293 |
| TOTAL PROGRAM SERVICES | 4,457,694 | - | 4,457,694 |
| SUPPORT SERVICES | | | |
| Management and general | 698,895 | - | 698,895 |
| Fundraising and development | 263,359 | - | 263,359 |
| TOTAL SUPPORT SERVICES | 962,254 | - | 962,254 |
| TOTAL EXPENSES | 5,419,948 | - | 5,419,948 |
| CHANGE IN NET ASSETS | 1,319,109 | 526,899 | 1,846,008 |
| NET ASSETS, BEGINNING OF YEAR | 4,087,951 | 868,960 | 4,956,911 |
| NET ASSETS, END OF YEAR | \$ 5,407,060 | \$ 1,395,859 | \$ 6,802,919 |

The notes to the financial statements are an integral part of these statements.

CATHOLIC LEGAL IMMIGRATION NETWORK, INC.
STATEMENT OF ACTIVITIES (Continued)

| <i>For the Years Ended December 31,</i> | 2013 | | |
|--|---------------------|-----------------------------------|---------------------|
| | Unrestricted | Temporarily Restricted | Total |
| REVENUE AND SUPPORT | | | |
| United States Conference of Catholic Bishops support | \$ 2,212,214 | \$ - | \$ 2,212,214 |
| Professional services fees | 12,994 | - | 12,994 |
| Religious contracts | 852,265 | - | 852,265 |
| Federal awards | 381,558 | - | 381,558 |
| Other grants and contributions | 414,777 | 1,405,000 | 1,819,777 |
| Investment income | 302,753 | - | 302,753 |
| Training and seminars | 1,345,741 | - | 1,345,741 |
| Membership and other | 378,593 | - | 378,593 |
| Net assets released from restrictions | 1,703,811 | (1,703,811) | - |
| TOTAL REVENUE AND SUPPORT | 7,604,706 | (298,811) | 7,305,895 |
| EXPENSES | | | |
| PROGRAM SERVICES | | | |
| Direct representation | 4,047,779 | - | 4,047,779 |
| Emergency population and representation | 9,673 | - | 9,673 |
| Diocesan support | 1,740,885 | - | 1,740,885 |
| TOTAL PROGRAM SERVICES | 5,798,337 | - | 5,798,337 |
| SUPPORT SERVICES | | | |
| Management and general | 492,338 | - | 492,338 |
| Fundraising and development | 254,309 | - | 254,309 |
| TOTAL SUPPORT SERVICES | 746,647 | - | 746,647 |
| TOTAL EXPENSES | 6,544,984 | - | 6,544,984 |
| CHANGE IN NET ASSETS | 1,059,722 | (298,811) | 760,911 |
| NET ASSETS, BEGINNING OF YEAR | 3,028,229 | 1,167,771 | 4,196,000 |
| NET ASSETS, END OF YEAR | \$ 4,087,951 | \$ 868,960 | \$ 4,956,911 |

The notes to the financial statements are an integral part of these statements.

**CATHOLIC LEGAL IMMIGRATION NETWORK, INC.
STATEMENT OF CASH FLOWS**

| <i>For the Years Ended December 31,</i> | 2014 | 2013 |
|---|---------------------|---------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Change in net assets | \$ 1,846,008 | \$ 760,911 |
| Adjustments to reconcile change in net assets to net cash provided by operating activities: | | |
| Depreciation and amortization | 53,688 | 25,924 |
| Gain on investments | (90,090) | (269,093) |
| (Increase) decrease in: | | |
| Accounts receivable, net | (150,620) | (13,998) |
| Contributions receivable | (470,748) | 373,471 |
| Federal grants receivable | 19,675 | 15,701 |
| Prepaid expenses and other assets | 45,121 | (67,723) |
| Increase (decrease) in: | | |
| Accounts payable | (56,315) | (84,331) |
| Accrued expenses | (14,929) | 49,405 |
| Deferred revenue | 55,069 | (307,223) |
| Deferred rent | (70,282) | 380,484 |
| NET CASH PROVIDED BY OPERATING ACTIVITIES | 1,166,577 | 863,528 |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Purchases of investments | (1,372,834) | (3,447,660) |
| Proceeds from sales of investments | - | 2,631,016 |
| Net sales of pooled investments | 102,219 | 355,740 |
| Purchases of property and equipment | (71,552) | (421,045) |
| NET CASH USED IN INVESTING ACTIVITIES | (1,342,167) | (881,949) |
| NET CHANGE IN CASH AND CASH EQUIVALENTS | (175,590) | (18,421) |
| CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR | 1,547,552 | 1,565,973 |
| CASH AND CASH EQUIVALENTS, END OF YEAR | \$ 1,371,962 | \$ 1,547,552 |

The notes to the financial statements are an integral part of these statements.

CATHOLIC LEGAL IMMIGRATION NETWORK, INC.
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2014 and 2013

NOTE A – ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

Organization

Catholic Legal Immigration Network, Inc. (CLINIC) is a public interest legal organization incorporated on August 18, 1988 in the District of Columbia. CLINIC serves low income immigrants through support to a national network of catholic legal immigration programs, administration of national projects and management of local diocesan immigration programs.

CLINIC is governed by a Board comprised primarily of bishops. CLINIC is funded by the United States Conference of Catholic Bishops (USCCB) and other grants and contributions.

CLINIC operates three major program. During 2013 these programs consisted of Direct Representation, Emergency Population Representation, and Diocesan Support. During 2014, programs were reorganized to consist of Direct Representation, Education and Network Growth, and Advocacy and Community Engagement.

The Direct Representation program consists of legal services provided to clients before the United States Citizenship and Immigration Services (USCIS), Immigration Court, the Board of Immigration Appeals, and in federal court. Emergency Population Representation covers CLINIC's direct representation and advocacy on behalf of detained immigrants and other at-risk populations. Diocesan Support includes training, legal support, and mentoring of member agencies.

The Education and Network Growth program was established to guide nonprofit organization leaders to begin or expand charitable immigration legal services, equip nonprofit immigration legal representatives with training on immigration law and program management skills, and manage projects serving vulnerable immigrants delivered by local nonprofit organizations benefiting from CLINIC's structure and oversight. The Advocacy and Community Engagement program educates the public on immigration issues, engages government on immigration, individual, and policy related matters, and promote positive resolutions.

**Basis of
Accounting**

The accompanying financial statements were prepared using the accrual basis of accounting. Therefore, revenue and related assets are recognized when earned and expenses and related liabilities are recognized as the obligations are incurred.

**Basis of
Presentation**

Financial statement presentation follows Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) topic of Not-for-Profit Entities. CLINIC is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. CLINIC had no permanently restricted net assets as of December 31, 2014 or 2013.

CATHOLIC LEGAL IMMIGRATION NETWORK, INC.
NOTES TO THE FINANCIAL STATEMENTS (Continued)
December 31, 2014 and 2013

NOTE A – ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

**Cash and Cash
Equivalents**

CLINIC considers all highly liquid short-term instruments purchased with an original maturity of three months or less and money markets funds to be cash equivalents.

**Accounts
Receivable**

Accounts receivable are reported at their outstanding balances, reduced by an allowance for doubtful accounts. An allowance for doubtful accounts has been established in the amount of \$0 and \$10,400 as of December 31, 2014 and 2013, respectively. Management estimates the allowance for doubtful accounts based on historical experience updated for current economic conditions. If actual experience changes, revisions to the allowance may be necessary. It is CLINIC's policy to charge off uncollectible accounts receivable when management determines the receivable will not be collected.

**Contributions
Receivable**

Unconditional promises to give that have not been collected as of year-end are recorded as contributions receivable. Management believes that the unconditional promises to give are fully collectible, thus no allowance for uncollectible contributions receivable was deemed necessary.

**Federal Grants
Receivable**

Federal grants receivable are stated at the amount that management expects to collect from outstanding balances, for services provided under federal awards.

Investments

Investments consist of certificates of deposits with an original maturity of greater than three months and mutual funds owned through a master trust investment arrangement (pooled investments). Purchases and sales through the master trust investment arrangement are shown as net in the accompanying statements of cash flows. The pooled investments are managed by independent investment managers and securities are held in safekeeping by a bank custodian. The investment portfolio include assets of USCCB and Catholic Relief Services (CRS); however, the proportional ownership of these portfolios and income is separately reported by the custodian bank and amounts owned by USCCB and CRS are not reported in these financial statements.

**Property and
Equipment**

Property and equipment are recorded at cost, net of accumulated depreciation. CLINIC capitalizes all expenditures for property and equipment in excess of \$5,000. Property and equipment are carried at cost, if purchased, or fair market value at date of donation, if contributed. Depreciation and amortization are computed using the straight line method over the estimated useful lives of the assets which range from five to ten years. Leasehold improvements are amortized over the shorter of the lease term or useful life of the asset. When assets are sold or otherwise disposed of, the asset and related accumulated depreciation and

CATHOLIC LEGAL IMMIGRATION NETWORK, INC.
NOTES TO THE FINANCIAL STATEMENTS (Continued)
December 31, 2014 and 2013

NOTE A – ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

**Property and
Equipment
(continued)**

amortization are removed from the accounts, and any remaining gain or loss is included in operations. Repairs and maintenance are charged to expense when incurred.

**Revenue
Recognition**

Revenue from program services is recognized when the services have been performed. Membership revenue is recognized on a calendar year basis. Revenue from federal awards is recognized on a cost reimbursement basis to the extent of allowable cost.

**Grants and
Contributions**

Unconditional promises to give are recognized as revenues or gains in the period received. Conditional promises to give are recognized only when the condition is substantially met and the promise becomes unconditional. Restricted contributions for which the restrictions are met in the year received are considered unrestricted for financial statement purposes. All other donor-restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a 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 statements of activities as net assets released from restriction.

**Donated Goods
And Services**

Donated goods are recorded at fair market value at the date of donation. CLINIC received donated software or goods in the amount of \$116,296 and \$10,356 for the years ended December 31, 2014 and 2013, respectively. Donated services are recognized at their fair value if the service requires specialized skills and the services would typically need to be purchased, if not donated. For the years ended December 31, 2014 and 2013, CLINIC received donated legal services in the amount of \$72,785 and \$26,014, respectively.

**Functional
Allocation
of Expenses**

The costs of providing the various programs and activities have been summarized on a functional basis. Expenses directly related to program and support services are charged to those services as incurred. Accordingly, certain shared costs have been allocated among the programs and supported services benefited.

CATHOLIC LEGAL IMMIGRATION NETWORK, INC.
NOTES TO THE FINANCIAL STATEMENTS (Continued)
December 31, 2014 and 2013

NOTE A – ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

| | |
|--------------------------|---|
| Use of Estimates | Management uses estimates and assumptions in preparing financial statements in accordance with accounting principles generally accepted in the United States of America. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities and the reported amounts of revenues and expenses. Actual results could vary from the estimates that were assumed in preparing the financial statements. |
| Deferred Rent | CLINIC records lease incentives on a straight-line basis over the term of the lease. |
| Deferred Revenue | Deferred revenue results from training and seminar income received in the current period and are deferred recognition until the following period in which the services are provided. |
| Income Taxes | <p>CLINIC qualifies as an exempt organization under Section 501(c)(3) of the Internal Revenue Code. In addition, CLINIC is classified as an entity that is not a private foundation under Section 509(a)(1).</p> <p>CLINIC has adopted the accounting of uncertainty in income taxes as required by the Income Taxes topic of the FASB ASC. This topic requires CLINIC to determine whether a tax position is more likely than not to be sustained upon examination by the applicable taxing authority, including resolution of any related appeals or litigation processes, based on the technical merits of the position. The tax benefit to be recognized is measured as the largest amount of benefit that is more than fifty percent likely of being realized upon ultimate settlement which could result in CLINIC recording a tax liability that would reduce the organization's net assets.</p> <p>CLINIC has analyzed its tax positions, and has concluded that no liability for unrecognized tax benefits should be recorded related to any uncertain tax positions taken on returns filed for open tax years (2011-2013), or expected to be taken in CLINIC's 2014 tax return. CLINIC is not aware of any tax positions for which it believes that there is a reasonable possibility that the total amounts of unrecognized tax benefits will change materially in the next twelve months.</p> |
| Reclassifications | Certain amounts in the 2013 financial statements have been reclassified to conform to present year presentation. Such reclassification had no effect on the change in net assets. |

NOTE B – CONCENTRATIONS

One donor contributed approximately 15% and 60% of other grants and contributions for the years ended December 31, 2014 and 2013, respectively. One nonprofit organization provided 73% and 76% of the training and seminars revenue for the years ended December 31, 2014 and 2013, respectively.

CATHOLIC LEGAL IMMIGRATION NETWORK, INC.
NOTES TO THE FINANCIAL STATEMENTS (Continued)
December 31, 2014 and 2013

NOTE B – CONCENTRATIONS (continued)

The CLINIC maintains cash balances at several financial institutions. Balances in certain cash accounts occasionally exceed \$250,000, the maximum amount insured by the Federal Deposit Insurance Corporation. CLINIC has not experience any losses in such accounts and believes it is not exposed to any significant credit risk.

NOTE C – INVESTMENTS

Investments consisted of the following as of December 31:

| Description | 2014 | 2013 |
|--------------------------|---------------------|---------------------|
| Certificates of deposit | \$ 3,749,560 | \$ 2,402,080 |
| Pooled mutual funds | 1,562,618 | 1,549,393 |
| Total investments | \$ 5,312,178 | \$ 3,951,473 |

For the years ended December 31, investment income consisted of the following:

| Description | 2014 | 2013 |
|-------------------------------|-------------------|-------------------|
| Interest and dividends | \$ 32,552 | \$ 33,660 |
| Realized and unrealized gains | 90,090 | 269,093 |
| Net investment income | \$ 122,642 | \$ 302,753 |

NOTE D – FAIR VALUE MEASUREMENT

Fair value, as defined in the fair value measurement accounting guidance, is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, or exit price.

The guidance on fair value measurement accounting requires that CLINIC make assumptions market participants would use in pricing an asset or liability based on the best information available. CLINIC considers factors that were not previously measured when determining the fair value of financial instruments. These factors include nonperformance risk (the risk that the obligation will not be fulfilled) and credit risk, of the reporting entity (for liabilities) and of the counterparty (for assets). The fair value measurement guidance prohibits inclusion of transaction costs and any adjustments for blockage factors in determining the instruments' fair value. The principal or most advantageous market should be considered from the perspective of the reporting entity.

Fair value, where available, is based on observable quoted market prices. Where observable prices or inputs are not available, several valuation models and techniques are applied. These models and techniques attempt to maximize the use of observable inputs and minimize the use of unobservable inputs.

CATHOLIC LEGAL IMMIGRATION NETWORK, INC.
NOTES TO THE FINANCIAL STATEMENTS (Continued)
December 31, 2014 and 2013

NOTE D – FAIR VALUE MEASUREMENT (continued)

The process involves varying levels of management judgment, the degree of which is dependent on the price transparency of the instruments or market and the instruments' complexity.

To increase consistency and enhance disclosure of the fair value of financial instruments, the fair value measurement accounting guidance creates a fair value hierarchy to prioritize the inputs used to measure fair value into three categories. A financial instrument's level within the fair value hierarchy is based on the lowest level of input significant to the fair value measurement, where Level 1 is the highest and Level 3 is the lowest. The three levels are defined as follows:

Level 1 – Observable inputs such as quoted prices in active markets. Active markets are those in which transactions for the asset or liability occur with sufficient frequency and volume to provide pricing information on an ongoing basis.

Level 2 – Inputs other than quoted prices in active markets that are either directly or indirectly observable. These include quoted market prices for similar assets or liabilities, quoted market prices for identical or similar assets in markets that are not active, adjusted quoted market prices, inputs from observable data such as interest rate and yield curves, volatilities or default rates observable at commonly quoted intervals or inputs derived from observable market data by correlation or other means.

Level 3 – Unobservable inputs in which little or no market data exists, therefore requiring an entity to develop its own assumptions. Unobservable inputs should only be used to the extent observable inputs are not available.

CLINIC, along with other Catholic affiliated entities, invests funds with USCCB's third party investment managers through a master trust investment arrangement. The underlying securities of these pooled investment funds classified as level 1 on the fair value hierarchy are valued based on quoted market prices. Those pooled investment funds classified as level 2 on the fair value hierarchy hold underlying investments including other pooled investment funds and common trust funds and are valued based on CLINIC's pro-rata share of the fund.

The following table summarized CLINIC's fair value hierarchy for financial instruments measured at fair value on a recurring basis as of December 31, 2014:

| | Level 1 | Level 2 | Level 3 | Total |
|---------------------------------|---------------------|-------------------|-------------|---------------------|
| Pooled investment funds: | | | | |
| USCCB State Street Index | \$ 633,338 | \$ - | \$ - | \$ 633,338 |
| USCCB Met West Mgt | 221,123 | - | - | 221,123 |
| USCCB SSGA Bond Index Fund | | 287,709 | - | 287,709 |
| USCCB Inv Counselors MD | 205,685 | - | - | 205,685 |
| CLINIC CBIS Foreign Eq | - | 214,763 | - | 214,763 |
| Total | \$ 1,060,146 | \$ 502,472 | \$ - | \$ 1,562,618 |

CATHOLIC LEGAL IMMIGRATION NETWORK, INC.
NOTES TO THE FINANCIAL STATEMENTS (Continued)
December 31, 2014 and 2013

NOTE D – FAIR VALUE MEASUREMENT (continued)

The following table summarized CLINIC's fair value hierarchy for financial instruments measured at fair value on a recurring basis as of December 31, 2013:

| | Level 1 | Level 2 | Level 3 | Total |
|----------------------------|---------------------|-------------------|-------------|---------------------|
| Pooled investment funds: | | | | |
| USCCB State Street Index | \$ 627,977 | \$ - | \$ - | \$ 627,977 |
| USCCB Met West Mgt | 215,932 | - | - | 215,932 |
| USCCB SSGA Bond Index Fund | - | 272,150 | - | 272,150 |
| USCCB Inv Counselors MD | 207,935 | - | - | 207,935 |
| CLINIC CBIS Foreign Eq | - | 225,399 | - | 225,399 |
| Total | \$ 1,051,844 | \$ 497,549 | \$ - | \$ 1,549,393 |

NOTE E – PROPERTY AND EQUIPMENT

Property and equipment consisted of the following as of December 31:

| Description | 2014 | 2013 |
|---|-------------------|-------------------|
| Furniture and equipment | \$ 221,586 | \$ 150,033 |
| Leasehold improvements | 341,634 | 341,634 |
| | 563,220 | 491,667 |
| Accumulated depreciation and amortization | (137,121) | (83,432) |
| Property and equipment, net | \$ 426,099 | \$ 408,235 |

Depreciation and amortization expense for the years ended December 31, 2014 and 2013 totaled \$53,688 and \$25,924, respectively.

NOTE F – EMPLOYEE BENEFIT PLANS

During 1996, CLINIC established a salary reduction plan (Annuity Plan) under Section 403(b) of the Internal Revenue Code. CLINIC matches employee contributions dollar for dollar up to a maximum of \$1,500 per year for participating employees hired prior to January 1, 2008. All employees hired on or after January 1, 2008, receive a two dollar employer match, up to a maximum of \$3,000 per year, for every one dollar contributed by the participant. Annual Plan expense for the years ended December 31, 2014 and 2013 was \$82,795 and \$83,391, respectively.

CLINIC is a participating employer in a multiemployer defined benefit pension plan (the Plan), including USCCB, pursuant to the Plan document. The Plan covers full-time employees of CLINIC hired prior to January 1, 2008, over the age of 25, and who have completed one year of employment.

CATHOLIC LEGAL IMMIGRATION NETWORK, INC.
NOTES TO THE FINANCIAL STATEMENTS (Continued)
December 31, 2014 and 2013

NOTE F – EMPLOYEE BENEFIT PLANS (continued)

Contributions of \$154,788 were charged to expense during 2013 for ongoing participation in the Plan. During the Plan year ended December 31, 2014, CLINIC's portion of expected return on Plan assets exceeded CLINIC's portion of other net periodic pension cost components, resulting in a receivable and reduction to expense of \$123,018 for 2014. The Agreement does not require a minimum contribution by participating employers. Trustees of the Plan resolved to freeze the Plan effective December 31, 2013

The following table summarizing information regarding the Plan as of December 31:

| | 2014 | 2013 |
|--|---------------|---------------|
| Plan assets at fair value | \$ 61,245,443 | \$ 57,582,338 |
| Total actuarial present value of accumulated plan benefits | 106,124,838 | 88,368,387 |
| Contributions from all employers | 1,799,049 | 4,005,568 |

The risks of participating in a multiemployer defined benefit pension plan is different from a single-employer plan because: (a) assets contributed to the multiemployer plan by one employer may be used to provide benefits to employees of other participating employers, (b) if a participating employer stops contributing to the plan, the unfunded obligations of the plan may be required to be borne by the remaining participating employers, and (c) if CLINIC chooses to stop participating in the multiemployer plan, it may be required to pay a withdrawal liability to the plan. In connection with ongoing renegotiation of collective bargaining agreements, CLINIC may discuss and negotiate for the complete or partial withdrawal the multiemployer pension plan. Depending on the number of employees withdrawn in any future period and the financial condition of the multiemployer plan at the time of withdrawal, the associated withdrawal liabilities could be material to CLINIC's change in net assets in the period of the withdrawal. CLINIC has no plans to withdraw from its multiemployer pension plan.

NOTE G – BOARD DESIGNATED NET ASSETS

Board designated net assets were available for the following purposes as of December 31:

| Description | 2014 | 2013 |
|---------------------|-------------------|-------------------|
| Endowment | \$ 673,476 | \$ 641,606 |
| Lily Gutierrez Fund | 6,733 | 7,147 |
| Total | \$ 680,209 | \$ 648,753 |

NOTE H – ENDOWMENT

CLINIC has established a board-designated endowment which includes funds set aside by the Board of Directors to provide general operating support to CLINIC. Since that amount resulted from an internal designation and is not donor restricted, it is classified and reported as unrestricted net assets.

CATHOLIC LEGAL IMMIGRATION NETWORK, INC.
NOTES TO THE FINANCIAL STATEMENTS (Continued)
December 31, 2014 and 2013

NOTE H – ENDOWMENT (continued)

Return Objectives and Risk Parameters

CLINIC has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment assets. Under this policy, as approved by the Board of Directors, the endowment assets are invested in a manner that is intended to produce results that exceed the price and yield results of the market while assuming a moderate level of investment risk.

Strategies Employed for Achieving Objectives

To satisfy its long-term rate-of-return objectives, CLINIC relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). CLINIC targets a diversified asset allocation that provides reasonable and predictable funds for CLINIC's program purposes and to maintain a balance between spending and the protection of the principal.

Spending Policy

CLINIC has a goal of protecting the principal investment of the funds supporting its endowment. CLINIC is continuing to build its endowment through the appreciation of its investments. Interest and dividends are expended by CLINIC for operations.

CLINIC had the following changes in the endowment net assets during the year ended December 31:

| | 2014 | 2013 |
|--|-------------------|-------------------|
| Endowment net assets, beginning of year | \$ 641,606 | \$ 551,570 |
| Investment return: | | |
| Interest and dividends | 6,822 | 8,181 |
| Net realized and unrealized gains | 31,870 | 90,036 |
| Total investment return | 38,692 | 98,217 |
| Less: Appropriated for expenditures | (6,822) | (8,181) |
| Endowment net assets, end of year | \$ 673,476 | \$ 641,606 |

CATHOLIC LEGAL IMMIGRATION NETWORK, INC.
NOTES TO THE FINANCIAL STATEMENTS (Continued)
December 31, 2014 and 2013

NOTE I – TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets consisted of the following as of December 31:

| Description | 2014 | 2013 |
|--|---------------------|-------------------|
| Naturalization, legal representation, and advocacy | \$ 642,041 | \$ 258,960 |
| Legal research and program implementation | 103,818 | 25,000 |
| Immigration law training and manuals | 150,000 | 85,000 |
| Donor restricted for emergency situations | 500,000 | 500,000 |
| Total | \$ 1,395,859 | \$ 868,960 |

NOTE J – COMMITMENTS AND CONTINGENCIES

During August 2013, CLINIC entered into a ten-year noncancelable operating lease agreement for office space for its national office in Silver Spring, Maryland. The office lease includes two five-year options to renew at the lease termination date. The agreement contains tenant allowances for improvements, escalation clauses, and charges for other costs related to the leased space.

During January 2013, CLINIC entered into a noncancelable operating lease agreement for office space in Oakland, California effective March 1, 2013 through May 31, 2018. The office lease includes an option to renew for an additional 5 year lease term. The agreement contains rent abatements, escalation clauses, and charges for other costs related to the leased space.

Rent expense was \$300,600 and \$285,059 for the years ended December 31, 2014 and 2013, respectively.

The future minimum lease payments required under the operating leases are as follows:

| For the Years Ending December 31, | Amount |
|--|---------------------|
| 2015 | \$ 304,562 |
| 2016 | 316,374 |
| 2017 | 328,652 |
| 2018 | 317,956 |
| 2019 | 313,756 |
| Thereafter | 1,034,482 |
| Total future minimum lease payments | \$ 2,615,782 |

The CLINIC receives financial assistance and awards from government agencies. Expenditures of funds under these programs require compliance with grant agreements and are subject to audit. Any disallowed expenditures resulting from such audits become a liability of the CLINIC. Management is of the opinion that such adjustments, if any, are not expected to materially affect the financial position of the CLINIC.

CATHOLIC LEGAL IMMIGRATION NETWORK, INC.
NOTES TO THE FINANCIAL STATEMENTS (Continued)
December 31, 2014 and 2013

NOTE K – SUBSEQUENT EVENTS

In accordance with current accounting standards, CLINIC evaluated subsequent events through the date of the auditors' report, which is the date these financial statements were available to be issued. There were no material subsequent events that required recognition or additional disclosure in these financial statements.

Supplemental Information

December 31, 2014

These schedules are not required under Generally Accepted Accounting Principles; however they provided additional information to the users of these financial statements.

CATHOLIC LEGAL IMMIGRATION NETWORK, INC.
SCHEDULES OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2014
(With Summarized Financial Information for the Year Ended December 31, 2013)

| | Direct Representation | Education and Network Growth | Advocacy and Community Engagement | Management and General | Fundraising and Development | 2014 Total | 2013 Total |
|--|--------------------------|------------------------------------|---|---------------------------|--------------------------------|---------------------|---------------------|
| Staff compensation | \$ 569,407 | \$ 1,291,120 | \$ 349,893 | \$ 377,993 | \$ 161,196 | \$ 2,749,609 | \$ 2,628,426 |
| Fringe benefits | 136,929 | 200,005 | 44,981 | 91,186 | 36,200 | 509,301 | 756,801 |
| Travel expenses | 6,672 | 92,809 | 11,529 | 16,438 | 310 | 127,758 | 258,639 |
| Convening | 8,422 | 37,719 | 13,449 | 10,893 | 10,690 | 81,173 | 236,230 |
| Bank charges and credit card fees | - | 85 | - | 6,051 | - | 6,136 | 6,720 |
| Office supplies | 14,795 | 9,826 | 4,452 | 6,463 | 3,587 | 39,123 | 60,123 |
| Equipment rental and maintenance | 17,293 | 23,749 | 8,677 | 13,124 | 5,035 | 67,878 | 54,364 |
| Staff development | 3,935 | 10,828 | 8,359 | 5,467 | 622 | 29,211 | 13,214 |
| Occupancy | 63,182 | 90,779 | 30,853 | 30,165 | 17,760 | 232,739 | 285,058 |
| Professional services, temporary staff, and consultants | 77,902 | 144,336 | 24,913 | 92,075 | 9,295 | 348,521 | 373,114 |
| Building maintenance and other | 781 | 441 | 258 | 287 | 150 | 1,917 | 4,862 |
| Training and program materials | 260 | 38,915 | 77 | - | - | 39,252 | 31,037 |
| Program management | - | 844,572 | - | - | - | 844,572 | 1,520,100 |
| Subscriptions, books and reference materials | 2,083 | 5,111 | 1,246 | 3,155 | 1,239 | 12,834 | 9,895 |
| Program development and marketing | 2,033 | 8,428 | 106,441 | 3,040 | 1,216 | 121,158 | 116,827 |
| Licenses/practice related fees | 3,967 | 8,628 | 1,742 | 17,346 | 1,325 | 33,008 | 16,128 |
| Reports and state filing fees | - | - | - | 65 | 1,590 | 1,655 | 1,000 |
| Communication | 7,326 | 35,040 | 7,216 | 6,473 | 2,095 | 58,150 | 64,214 |
| Insurance | 5,709 | 11,290 | 3,155 | 1,790 | 978 | 22,922 | 34,712 |
| Postage, shipping and freight | 11,145 | 2,305 | 2,823 | 1,778 | 1,800 | 19,851 | 27,194 |
| Printing and duplication | 6,957 | 3,242 | 847 | 5,781 | 1,560 | 18,387 | 20,273 |
| Miscellaneous | 946 | - | 159 | - | - | 1,105 | 129 |
| Depreciation and amortization | 8,486 | 16,943 | 12,223 | 9,325 | 6,711 | 53,688 | 25,924 |
| TOTAL EXPENSES | \$ 948,230 | \$ 2,876,171 | \$ 633,293 | \$ 698,895 | \$ 263,359 | \$ 5,419,948 | \$ 6,544,984 |