

FINANCIAL STATEMENTS



CATHOLIC LEGAL
IMMIGRATION
NETWORK, INC.

**FOR THE YEARS ENDED
DECEMBER 31, 2023 AND 2022**

CATHOLIC LEGAL IMMIGRATION NETWORK, INC.

CONTENTS

	PAGE NO.
INDEPENDENT AUDITOR'S REPORT	2 - 3
EXHIBIT A - Statements of Financial Position, as of December 31, 2023 and 2022	4
EXHIBIT B - Statement of Activities and Change in Net Assets, for the Year Ended December 31, 2023	5
EXHIBIT C - Statement of Activities and Change in Net Assets, for the Year Ended December 31, 2022	6
EXHIBIT D - Statement of Functional Expenses, for the Year Ended December 31, 2023	7
EXHIBIT E - Statement of Functional Expenses, for the Year Ended December 31, 2022	8
EXHIBIT F - Statements of Cash Flows, for the Years Ended December 31, 2023 and 2022	9
NOTES TO FINANCIAL STATEMENTS	10 - 21



CPAs & ADVISORS

INDEPENDENT AUDITOR'S REPORT

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

Opinion

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, 2023 and 2022, and the related statements of activities and changes in net assets, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of CLINIC as of December 31, 2023 and 2022, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of CLINIC and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about CLINIC's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists.

4550 MONTGOMERY AVENUE • SUITE 800 NORTH • BETHESDA, MARYLAND 20814
(301) 951-9090 • WWW.GRFCPA.COM

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 CLINIC's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about CLINIC's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

A handwritten signature in cursive script that reads "Gelman Rosenberg & Friedman".

October 11, 2024

CATHOLIC LEGAL IMMIGRATION NETWORK, INC.

STATEMENTS OF FINANCIAL POSITION
AS OF DECEMBER 31, 2023 AND 2022

ASSETS		
	2023	2022
CURRENT ASSETS		
Cash and cash equivalents	\$ 586,465	\$ 407,530
Investments	15,661,843	13,232,983
Grant and contributions receivable	1,365,015	467,695
Accounts receivable	21,917	17,746
Prepaid expenses	<u>155,157</u>	<u>122,073</u>
Total current assets	17,790,397	14,248,027
PROPERTY AND EQUIPMENT		
Property and equipment, net	334,896	39,873
NONCURRENT ASSETS		
Right-of-use asset, net	<u>519,372</u>	<u>-</u>
TOTAL ASSETS	<u>\$ 18,644,665</u>	<u>\$ 14,287,900</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable and accrued liabilities	\$ 1,307,707	\$ 968,443
Deferred revenue	152,156	315,509
Refundable advance	3,413,319	-
Lease liability	<u>89,659</u>	<u>22,195</u>
Total current liabilities	<u>4,962,841</u>	<u>1,306,147</u>
NONCURRENT LIABILITIES		
Lease liability, net	<u>467,700</u>	<u>-</u>
Total liabilities	5,430,541	1,306,147
NET ASSETS		
Without donor restrictions	9,260,774	10,456,655
Board designated	<u>2,191,373</u>	<u>1,918,867</u>
Total net assets without donor restrictions	<u>11,452,147</u>	<u>12,375,522</u>
With donor restrictions	1,761,977	606,231
Total net assets	<u>13,214,124</u>	<u>12,981,753</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 18,644,665</u>	<u>\$ 14,287,900</u>

See accompanying notes to financial statements.

CATHOLIC LEGAL IMMIGRATION NETWORK, INC.

STATEMENT OF ACTIVITIES AND CHANGE IN NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2023

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
SUPPORT AND REVENUE			
Grants and contributions	\$ 2,276,926	\$ 1,536,500	\$ 3,813,426
Federal and State awards	7,404,198	-	7,404,198
Religious contracts	1,388,350	-	1,388,350
Investment return, net	1,353,444	-	1,353,444
Training and seminars	1,071,155	-	1,071,155
United States Conference of Catholic Bishops (USCCB) Support	787,866	-	787,866
Membership dues	553,940	-	553,940
Professional service fees	520,871	-	520,871
Contributed nonfinancial assets	473,708	-	473,708
Net assets released from donor restrictions	<u>380,754</u>	<u>(380,754)</u>	<u>-</u>
Total support and revenue	<u>16,211,212</u>	<u>1,155,746</u>	<u>17,366,958</u>
EXPENSES			
Program Services:			
Education and Network Growth	11,728,654	-	11,728,654
Direct Representation and Litigation	1,547,254	-	1,547,254
Advocacy and Community Engagement	<u>1,355,462</u>	<u>-</u>	<u>1,355,462</u>
Total program services	<u>14,631,370</u>	<u>-</u>	<u>14,631,370</u>
Supporting Services:			
Management and General	2,020,027	-	2,020,027
Fundraising and Development	<u>483,190</u>	<u>-</u>	<u>483,190</u>
Total supporting services	<u>2,503,217</u>	<u>-</u>	<u>2,503,217</u>
Total expenses	<u>17,134,587</u>	<u>-</u>	<u>17,134,587</u>
Changes in net assets	(923,375)	1,155,746	232,371
Net assets at beginning of year	<u>12,375,522</u>	<u>606,231</u>	<u>12,981,753</u>
NET ASSETS AT END OF YEAR	<u>\$ 11,452,147</u>	<u>\$ 1,761,977</u>	<u>\$ 13,214,124</u>

CATHOLIC LEGAL IMMIGRATION NETWORK, INC.

STATEMENT OF ACTIVITIES AND CHANGE IN NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2022

	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND REVENUE			
Grants and contributions	\$ 2,606,301	\$ 52,500	\$ 2,658,801
Religious contracts	1,424,071	-	1,424,071
Contributed nonfinancial assets	1,100,390	-	1,100,390
Training and seminars	803,905	-	803,905
Investment return, net	146,183	-	146,183
Membership dues	494,450	-	494,450
Professional service fees	334,709	-	334,709
Federal and State awards	281,267	-	281,267
Net assets released from donor restrictions	<u>900,245</u>	<u>(900,245)</u>	<u>-</u>
Total support and revenue	<u>8,091,521</u>	<u>(847,745)</u>	<u>7,243,776</u>
EXPENSES			
Program Services:			
Education and Network Growth	4,258,016	-	4,258,016
Direct Representation and Litigation	2,772,183	-	2,772,183
Advocacy and Community Engagement	<u>1,034,298</u>	<u>-</u>	<u>1,034,298</u>
Total program services	<u>8,064,497</u>	<u>-</u>	<u>8,064,497</u>
Supporting Services:			
Management and General	2,312,967	-	2,312,967
Fundraising and Development	<u>279,123</u>	<u>-</u>	<u>279,123</u>
Total supporting services	<u>2,592,090</u>	<u>-</u>	<u>2,592,090</u>
Total expenses	<u>10,656,587</u>	<u>-</u>	<u>10,656,587</u>
Changes in net assets	(2,565,066)	(847,745)	(3,412,811)
Net assets at beginning of year	<u>14,940,588</u>	<u>1,453,976</u>	<u>16,394,564</u>
NET ASSETS AT END OF YEAR	<u>\$ 12,375,522</u>	<u>\$ 606,231</u>	<u>\$ 12,981,753</u>

CATHOLIC LEGAL IMMIGRATION NETWORK, INC.

STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2023

	Program Services				Supporting Services			
	Education and Network Growth	Direct Representation and Litigation	Advocacy and Community Engagement	Total Program Services	Management and General	Fundraising and Development	Total Supporting Services	Total Expenses
Salaries	\$ 2,655,480	\$ 1,007,807	\$ 825,401	\$ 4,488,688	\$ 1,262,613	\$ 307,620	\$ 1,570,233	\$ 6,058,921
Employee benefits	534,400	191,510	161,629	887,539	170,403	41,514	211,917	1,099,456
Payroll taxes	204,474	76,620	61,876	342,970	93,902	22,809	116,711	459,681
Total personnel cost	3,394,354	1,275,937	1,048,906	5,719,197	1,526,918	371,943	1,898,861	7,618,058
Sub grants	7,076,101	-	-	7,076,101	-	24,000	24,000	7,100,101
Professional services, temporary staff, and consultants	526,214	22,457	47,849	596,520	151,778	11,530	163,308	759,828
IT services, equipment and software	115,010	52,463	46,130	213,603	104,161	13,340	117,501	331,104
Convening	204,583	37,473	59,404	301,460	7,244	3,613	10,857	312,317
Occupancy	84,175	66,030	53,245	203,450	72,155	24,518	96,673	300,123
Staff development	54,893	13,910	17,879	86,682	45,564	2,546	48,110	134,792
Travel	77,599	5,047	12,351	94,997	16,147	8,522	24,669	119,666
Subscriptions, books and reference materials	51,250	23,588	5,109	79,947	140	1,924	2,064	82,011
Bank charges and credit card fees	39,201	3,806	3,902	46,909	2,621	2,962	5,583	52,492
Insurance	21,210	7,719	6,783	35,712	8,519	2,381	10,900	46,612
Training and program materials	24,177	198	18,167	42,542	-	-	-	42,542
Audit and accounting	-	-	-	-	42,476	-	42,476	42,476
Depreciation and amortization	15,541	7,591	5,964	29,096	10,620	1,941	12,561	41,657
Printing and duplication	6,979	7,650	5,949	20,578	9,629	2,291	11,920	32,498
Licenses/practice related fees	16,981	7,070	1,866	25,917	1,419	306	1,725	27,642
Program development and marketing	4,400	1,358	16,485	22,243	500	229	729	22,972
Communication	8,823	3,279	2,581	14,683	4,784	818	5,602	20,285
Postage, shipping and freight	1,114	8,712	582	10,408	6,472	1,134	7,606	18,014
Reports and state filing fees	-	-	-	-	-	7,838	7,838	7,838
Office supplies	3,298	1,137	697	5,132	1,455	896	2,351	7,483
Building maintenance and other	1,886	984	822	3,692	1,337	253	1,590	5,282
Bad debt	-	-	-	-	4,274	-	4,274	4,274
Equipment rental and maintenance	865	845	791	2,501	1,306	205	1,511	4,012
Miscellaneous	-	-	-	-	508	-	508	508
TOTAL	\$ 11,728,654	\$ 1,547,254	\$ 1,355,462	\$ 14,631,370	\$ 2,020,027	\$ 483,190	\$ 2,503,217	\$ 17,134,587

See accompanying notes to financial statements.

CATHOLIC LEGAL IMMIGRATION NETWORK, INC.

STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2022

	Program Services				Supporting Services			
	Education and Network Growth	Direct Representation and Litigation	Advocacy and Community Engagement	Total Program Services	Management and General	Fundraising and Development	Total Supporting Services	Total Expenses
Salaries	\$ 1,800,010	\$ 1,044,794	\$ 595,708	\$ 3,440,512	\$ 1,384,759	\$ 157,667	\$ 1,542,426	\$ 4,982,938
Employee benefits	357,956	162,287	102,965	623,208	218,770	28,707	247,477	870,685
Payroll taxes	160,621	93,374	56,082	310,077	119,110	13,880	132,990	443,067
Total personnel cost	2,318,587	1,300,455	754,755	4,373,797	1,722,639	200,254	1,922,893	6,296,690
Professional services, temporary staff, and consultants	69,817	1,144,688	114,664	1,329,169	279,189	9,316	288,505	1,617,674
Sub grants	1,428,066	3,000	-	1,431,066	-	-	-	1,431,066
Occupancy	132,519	82,399	60,889	275,807	79,746	18,513	98,259	374,066
IT services, equipment and software	109,030	91,328	37,519	237,877	50,738	14,433	65,171	303,048
Subscriptions, books and reference materials	38,474	45,101	7,876	91,451	960	1,888	2,848	94,299
Staff development	8,301	6,987	2,476	17,764	58,292	2,594	60,886	78,650
Travel	15,662	7,295	3,285	26,242	32,271	2,163	34,434	60,676
Depreciation and amortization	13,042	10,938	10,938	34,918	14,304	5,470	19,774	54,692
Insurance	16,934	17,244	6,489	40,667	8,848	1,779	10,627	51,294
Bank charges and credit card fees	35,225	6,584	936	42,745	2,924	3,440	6,364	49,109
Audit and accounting	-	-	-	-	35,236	-	35,236	35,236
Convening	11,408	7,185	7,185	25,778	3,593	3,593	7,186	32,964
Licenses/practice related fees	15,149	8,859	2,851	26,859	1,928	1,155	3,083	29,942
Communication	13,104	5,586	3,719	22,409	5,692	679	6,371	28,780
Printing and duplication	10,046	6,278	4,542	20,866	5,911	827	6,738	27,604
Postage, shipping and freight	3,861	14,578	719	19,158	2,734	1,156	3,890	23,048
Program development and marketing	699	2,576	12,732	16,007	3,525	585	4,110	20,117
Training and program materials	12,871	5,574	-	18,445	-	-	-	18,445
Office supplies	2,581	3,301	1,064	6,946	1,380	395	1,775	8,721
Reports and state filing fees	-	-	-	-	-	7,879	7,879	7,879
Equipment rental and maintenance	1,278	955	698	2,931	1,323	2,848	4,171	7,102
Building maintenance and other	1,362	1,272	961	3,595	1,372	156	1,528	5,123
Miscellaneous	-	-	-	-	362	-	362	362
TOTAL	\$ 4,258,016	\$ 2,772,183	\$ 1,034,298	\$ 8,064,497	\$ 2,312,967	\$ 279,123	\$ 2,592,090	\$ 10,656,587

See accompanying notes to financial statements.

CATHOLIC LEGAL IMMIGRATION NETWORK, INC.

STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

	<u>2023</u>	<u>2022</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Changes in net assets	\$ 232,371	\$ (3,412,811)
Adjustments to reconcile changes in net assets to net cash provided (used) by operating activities:		
Depreciation and amortization	41,657	54,692
Net (appreciation) depreciation in fair value of investments	(852,605)	1,623
Amortization of right-of-use asset	39,353	-
(Increase) decrease in:		
Accounts receivable	(4,171)	46,374
Grant and contributions receivable	(897,320)	22,319
Prepaid expenses	(33,084)	33,085
Increase (decrease) in:		
Accounts payable and accrued liabilities	339,264	14,046
Deferred revenue	(163,353)	59,843
Refundable advance	3,413,319	-
Lease liability	(23,561)	-
Deferred rent	-	(38,048)
Net cash provided (used) by operating activities	<u>2,091,870</u>	<u>(3,218,877)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of investments	(18,267,637)	(152,657)
Proceeds from sale of investments	16,691,382	2,100,150
Purchases of property and equipment	(336,680)	-
Net cash (used) provided by investing activities	<u>(1,912,935)</u>	<u>1,947,493</u>
Net increase (decrease) in cash and cash equivalents	178,935	(1,271,384)
Cash and cash equivalents at beginning of year	<u>407,530</u>	<u>1,678,914</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 586,465</u>	<u>\$ 407,530</u>
SUPPLEMENTAL INFORMATION:		
Right-of-Use-Asset	<u>\$ 558,725</u>	<u>\$ -</u>
Lease Liability	<u>\$ 558,725</u>	<u>\$ -</u>

CATHOLIC LEGAL IMMIGRATION NETWORK, INC.

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION

Organization -

The 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 and community-based legal immigration programs, and administration of national projects. In addition, CLINIC provides representation in the area of religious immigration law.

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 programs, Education and Network Growth, Direct Representation and Litigation, and Advocacy and Community Engagement.

Education and Network Growth: This 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, oversight and commitment to Catholic Social Teaching.

Direct Representation and Litigation: This program consists of legal services provided to clients before the United States Citizenship and Immigration Services, Immigration Court, the Board of Immigration Appeals, and in Federal court.

Advocacy and Community Engagement: This program educates the public on immigration issues, engages government on immigration, individual and policy related matters, and promote positive resolutions.

Basis of presentation -

The accompanying financial statements are presented on the accrual basis of accounting, and in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP) related to nonprofit entities. As such, net assets are reported within two net asset classifications: without donor restrictions and with donor restrictions.

Descriptions of the two net asset categories are as follows:

- **Net Assets without Donor Restrictions** - Net assets available for use in general operations and not subject to donor restrictions are recorded as "net assets without donor restrictions". Net assets set aside solely through the actions of the Board are referred to as Board Designated and are also reported as net assets without donor restrictions.
- **Net Assets with Donor Restrictions** - Net assets may be subject to donor-imposed stipulations that are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Donor imposed restrictions are released when the restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both. Other donor imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Gifts of long-lived assets and gifts of cash restricted for the acquisition of long-lived assets are recognized as revenue without donor restrictions when the assets are placed in service.

CATHOLIC LEGAL IMMIGRATION NETWORK, INC.

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION
(Continued)**

New accounting pronouncement adopted -

Accounting Standards Update (ASU) 2016-13, *Financial Instruments – Credit Losses* (Topic 326), replaces the incurred loss impairment methodology in current U.S. GAAP with a methodology that reflects expected credit losses and requires consideration of a broader range of reasonable and supportable information to inform credit loss estimates. Under the standard, disclosures are required to provide users of the financial statements with useful information in analyzing an entity's exposure to credit risk and the measurement of credit losses. Financial assets held by CLINIC that are subject to the guidance in FASB ASC 326 are trade accounts receivable. CLINIC implemented the ASU on January 1, 2023, using a modified retrospective approach. The impact of the adoption was not considered material to the financial statements and primarily resulted in enhanced disclosures.

Cash and cash equivalents -

CLINIC considers all cash and other highly liquid investments with initial maturities of three months or less to be cash equivalents, excluding money market funds held by investment managers in the amounts of \$4,251,042 and \$13,231,929 as of December 31, 2023 and 2022, respectively.

Bank deposit accounts are insured by the Federal Deposit Insurance Corporation ("FDIC") up to a limit of \$250,000. At times during the year, CLINIC maintains cash balances in excess of the FDIC insurance limits. Management believes the risk in these situations to be minimal.

Investments -

Investments are recorded at their readily determinable fair value. Interest, dividends, realized and unrealized gains and losses are included in investment return, which is presented net of investment expenses paid to external investment advisors in the accompanying Statements of Activities and Changes in Net Assets.

Accounts receivable -

Accounts receivable primarily consists of amounts due within one year related to religious contract, membership dues, and training and seminars. Accounts receivable are recorded at their net realizable value which approximates fair value. Accounts receivable are presented net of an allowance for credit losses resulting from the inability of customers to make required payments. The allowance for credit losses is based upon historical loss experience in combination with current economic conditions and a forecast of future economic conditions. Any change in the assumptions used in analyzing a specific account receivable might result in an additional allowance for credit losses being recognized in the period in which the change occurs. CLINIC implemented the new standard for determining the allowance for credit losses on January 1, 2023. CLINIC had no allowance for credit losses as of December 31, 2023.

Grants and contributions receivable -

Grants and contributions receivable include unconditional promises to give that are expected to be collected in future years. Grants and contributions receivable are recorded at their fair value, which is measured as the present value of the future cash flows. Management considers all amounts to be fully collectible. Accordingly, an allowance for doubtful accounts has not been established.

CATHOLIC LEGAL IMMIGRATION NETWORK, INC.

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION
(Continued)**

Property and equipment -

Property and equipment in excess of \$5,000 are capitalized and stated at cost. Property and equipment are depreciated on a straight-line basis over the estimated useful lives of the related assets, generally five to ten years. Leasehold improvements are amortized over the lesser of the useful life of the asset or the remaining life term of the lease. The cost of maintenance and repairs is recorded as expenses are incurred. Depreciation and amortization expense was \$41,657 and 54,692 for the years ended December 31, 2023 and 2022.

Income taxes -

CLINIC is exempt from Federal income tax under Section 501(a) of the Internal Revenue Code ("IRC"), as an organization described in IRC Section 501(c)(3). Accordingly, no provision for income taxes has been made in the accompanying financial statements. CLINIC is not a private foundation.

Revenue from contracts with customers -

CLINIC's religious contracts, training and seminars, professional service fees, and membership dues are the most significant revenue streams that are treated as exchange transaction revenue following ASC Topic 606. Revenue from contracts with customers is recorded when the performance obligations are met. CLINIC has elected to opt out of all disclosures not required for nonpublic entities. Transaction price is based on cost and/or sales price. Amounts received in advance of satisfying performance obligations are recorded as deferred revenue. CLINIC's contracts with customers generally have initial terms of one year or less.

Religious contracts revenues are recorded as revenue when the performance obligation is met which is when the religious immigrations services have been provided. Trainings and seminars revenue is recorded as revenue when the performance obligation is met which is when the related training/seminar has occurred. Professional service fees revenue is recorded as revenue when the performance obligation is met which is when the related service has been provided.

Membership dues includes general member benefits that are a series of distinct obligations. Membership dues revenue is recognized ratably over the membership period. There are several benefits received that are individual distinct obligations such as discounted rates to conferences and meetings. However, these benefits are immaterial in comparison to the membership benefits provided and, as a result, they are included with the general member benefits.

Support from grants and contributions, including Federal awards -

CLINIC receives grants and contributions, including Federal awards from the U.S. Government and states. Grants and contributions are recognized in the appropriate category of net assets in the period received. CLINIC performs an analysis of the individual grant and contribution agreements to determine if the funding stream follows the contribution rules or if it should be recorded as an exchange transaction depending upon whether the transaction is deemed reciprocal or nonreciprocal in accordance with ASC Topic 958.

For grants qualifying under the contribution rules, support is recognized upon notification of the award and satisfaction of all conditions, if applicable. Conditional promises to give are not recognized until the conditions on which they depend are substantially met. Contributions, including grants qualifying as contributions, that are unconditional but have donor restrictions are recognized as "without donor restrictions" only to the extent of actual expenses incurred in compliance with the donor-imposed restrictions and satisfaction of time restrictions.

CATHOLIC LEGAL IMMIGRATION NETWORK, INC.

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION
(Continued)**

Support from grants and contributions, including Federal awards (continued) -

Contributions with donor restrictions either in excess of expenses incurred or with time restrictions are shown as net assets with donor restrictions in the accompanying financial statements. Contributions that are both received and released from restrictions in the same year are classified as without donor restrictions.

Conditional contributions contain a right of return and a measurable barrier. Contributions are recognized when conditions have been satisfied. Most Federal grants are for direct and indirect program costs and are considered to be conditional contributions which are recognized as contributions when the amounts become unconditional. Conditional contributions received in advance of meeting specified conditions established by donors are recorded as refundable advances. CLINIC's refundable advances totaled \$3,413,319 and \$0 for the years ended December 31, 2023 and 2022, respectively.

In addition, CLINIC has obtained funding source agreements related to conditional grants and contributions, such as Federal awards from the U.S. Government, which will be received in future years. CLINIC's unrecognized conditional grants and contributions to be received in future years totaled approximately \$23,215,000 and \$936,000, respectively, as of December 31, 2023 and 2022.

Revenue received in advance for religious contracts, membership, trainings, seminars, and professional service fees is recorded as deferred revenue within the Statements of Financial Position. Deferred revenue consisted of the following as of December 31, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
Professional service fees	\$ 90,906	\$ 192,810
Trainings and seminars	59,450	121,199
Membership	<u>1,800</u>	<u>1,500</u>
TOTAL DEFERRED REVENUE	<u>\$ 152,156</u>	<u>\$ 315,509</u>

Contributed nonfinancial assets -

Contributed nonfinancial assets consist of donated legal services and advertising services. Goods donated for distribution for CLINIC's programs are recorded at their fair market value as of the date of the gift. Contributed nonfinancial assets are recorded at their estimated fair value if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by CLINIC. None of the contributed nonfinancial assets were restricted by donors. In addition, volunteers have donated significant amounts of their time to CLINIC; these donated services are not reflected in the financial statements since these services do not meet the criteria for recognition as contributed nonfinancial assets.

Use of estimates -

The preparation of the 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 at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

CATHOLIC LEGAL IMMIGRATION NETWORK, INC.

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION
(Continued)**

Functional allocation of expenses -

The costs of providing the various programs and other activities have been summarized on a functional basis in the Statements of Activities and Changes in Net Assets. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Expenses are allocated on a reasonable basis that is consistently applied. Allocated expenses include depreciation and amortization, salaries and benefits, and other general organization costs which are allocated on the basis of time worked, and rent and building maintenance expenses which are allocated on the basis of square footage of space occupied by each employee based on the program or general department to which the employee is assigned.

Investment risks and uncertainties -

CLINIC invests in various investment securities. Investment securities are exposed to various risks such as interest rates, market and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the accompanying financial statements.

Reclassification -

Certain amounts in the prior year's financial statements have been reclassified to conform to the current year's presentation.

2. INVESTMENTS AND FAIR VALUE MEASUREMENTS

In accordance with FASB ASC 820, *Fair Value Measurement*, CLINIC has categorized its financial instruments, based on the priority of the inputs to the valuation technique, into a three-level fair value hierarchy. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). If the inputs used to measure the financial instruments fall within different levels of hierarchy, the categorization is based on the lowest level input that is significant to the fair value measurement of the instrument. Investments recorded in the Statements of Financial Position are categorized based on the inputs to valuation techniques as follows:

Level 1. These are investments where values are based on unadjusted quoted prices for identical assets in an active market CLINIC has the ability to access.

Level 2. These are investments where values are based on quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active, or model-based valuation techniques that utilize inputs that are observable either directly or indirectly for substantially the full-term of the investments.

Level 3. These are investments where inputs to the valuation methodology are unobservable and significant to the fair value measurement.

CATHOLIC LEGAL IMMIGRATION NETWORK, INC.

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022**

2. INVESTMENTS AND FAIR VALUE MEASUREMENTS (Continued)

Following is a description of the valuation methodology used for investments measured at fair value. There have been no changes in the valuation methodologies and there were no transfers between levels in the fair value hierarchy during the years ended December 31, 2023 and 2022. Transfers between levels are recorded at the end of the reporting period, if applicable.

- *Money Market Funds* - The money market funds are open-end funds that are registered with the Securities and Exchange Commission (SEC) and are deemed to be actively traded.
- *Mutual Funds* - Valued at the daily closing price as reported by the fund. Mutual funds held by CLINIC are open-end mutual funds that are registered with the SEC. These funds are required to publish their daily value and to transact at that price. Mutual funds held by CLINIC are deemed to be actively traded.

The table below summarizes the investments measured at fair value on a recurring basis, by level within the fair value hierarchy at December 31, 2023.

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Asset Class:				
Money market funds	\$ 4,251,042	\$ -	\$ -	\$ 4,251,042
Mutual funds	<u>11,410,801</u>	<u>-</u>	<u>-</u>	<u>11,410,801</u>
TOTAL	<u>\$ 15,661,843</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 15,661,843</u>

The table below summarizes the investments measured at fair value on a recurring basis, by level within the fair value hierarchy at December 31, 2022:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Asset Class:				
Money market funds	\$ 13,231,929	\$ -	\$ -	\$ 13,231,929
Mutual funds	<u>1,054</u>	<u>-</u>	<u>-</u>	<u>1,054</u>
TOTAL	<u>\$ 13,232,983</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 13,232,983</u>

Included in investment return are the following:

	<u>2023</u>	<u>2022</u>
Net appreciation (depreciation) in fair value	\$ 852,605	\$ (1,623)
Interest and dividends	500,989	147,956
Investment expenses provided by external investment advisors	<u>(150)</u>	<u>(150)</u>
TOTAL NET INVESTMENT RETURN	<u>\$ 1,353,444</u>	<u>\$ 146,183</u>

CATHOLIC LEGAL IMMIGRATION NETWORK, INC.

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022**

3. PROPERTY AND EQUIPMENT

Property and equipment consisted of the following at December 31, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
Furniture and equipment	\$ 672,125	\$ 343,586
Leasehold improvements	<u>360,442</u>	<u>352,301</u>
Total property and equipment	1,032,567	695,887
Less: Accumulated depreciation and amortization	<u>(697,671)</u>	<u>(656,014)</u>
NET PROPERTY AND EQUIPMENT	<u>\$ 334,896</u>	<u>\$ 39,873</u>

4. BOARD DESIGNATED NET ASSETS

As of December 31, 2023 and 2022, net assets without donor restrictions have been designated by the Board of Directors for the following purposes:

	<u>2023</u>	<u>2022</u>
Endowment	\$ 2,166,753	\$ 1,882,699
Lily Gutierrez Fund	<u>24,620</u>	<u>36,168</u>
BOARD DESIGNATED NET ASSETS	<u>\$ 2,191,373</u>	<u>\$ 1,918,867</u>

5. ENDOWMENT

CLINIC's endowment consists of funds designated by the governing Board to function as endowments. As required by GAAP, net assets associated with endowment funds, including funds designated by the Board of Directors to function as endowments, are classified and reported based on the existence or absence of board-imposed restrictions. Since the endowment was established internally by the Board of Directors and is not donor restricted, it is classified and reported as net assets without donor restrictions.

Interpretation of relevant law -

CLINIC has interpreted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) enacted by the state of Maryland as requiring the preservation of the fair value of the original gift made to the board-restricted endowment funds, absent explicit board stipulations to the contrary.

Additionally, in accordance with UPMIFA, CLINIC considers the following factors in making a determination to appropriate or accumulate board-restricted endowment funds:

- The duration and preservation of the fund;
- The purpose of the organization and the board-restricted endowment fund;
- General economic conditions and the possible effect of inflation and deflation;
- The expected total return from income and the appreciation of investments; and
- Investment policies of the organization.

CATHOLIC LEGAL IMMIGRATION NETWORK, INC.

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022**

5. 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 risk.

Strategies Employed for Achieving Objectives -

To satisfy its long-term 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 and How the Investment Objectives Relate to 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.

Funds with Deficiencies -

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the board or UPMIFA requires CLINIC to maintain as a fund of perpetual duration. However, there were no funds with deficiencies as of December 31, 2023 or 2022.

Endowment net asset composition by type of fund as of December 31, 2023:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Board Designated Endowment Funds	\$ <u>2,166,753</u>	\$ <u>-</u>	\$ <u>2,166,753</u>

Changes in endowment funds consisted of the following as of and for the year ended December 31, 2023:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Endowment net assets, beginning of year	\$ <u>1,882,699</u>	\$ <u>-</u>	\$ <u>1,882,699</u>
Investment return:			
Interest and dividends	125,050	-	125,050
Net appreciation in fair value of investments	<u>284,054</u>	<u>-</u>	<u>284,054</u>
Total investment return	409,104	-	409,104
Appropriation of endowment assets for expenditure	<u>(125,050)</u>	<u>-</u>	<u>(125,050)</u>
ENDOWMENT NET ASSETS, END OF YEAR	\$ <u>2,166,753</u>	\$ <u>-</u>	\$ <u>2,166,753</u>

CATHOLIC LEGAL IMMIGRATION NETWORK, INC.

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022**

5. ENDOWMENT (Continued)

Endowment net asset composition by type of fund as of December 31, 2022:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Board Designated Endowment Funds	\$ <u>1,882,699</u>	\$ <u>-</u>	\$ <u>1,882,699</u>

Changes in endowment funds consisted of the following as of and for the year ended December 31, 2022:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Endowment net assets, beginning of year	\$ <u>1,882,699</u>	\$ <u>-</u>	\$ <u>1,882,699</u>
Investment return:			
Interest and dividends	37,953	-	37,953
Appropriation of endowment assets for expenditure	<u>(37,953)</u>	<u>-</u>	<u>(37,953)</u>
ENDOWMENT NET ASSETS, END OF YEAR	\$ <u>1,882,699</u>	\$ <u>-</u>	\$ <u>1,882,699</u>

6. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consist of the following at December 31, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
Subject to expenditure for specified purpose:		
Donor restricted for emergency situations	\$ 500,000	\$ 500,000
Advocacy and Community Engagement	-	41,307
Education and Network Growth	811,977	20,282
Direct Representation and Litigation	<u>-</u>	<u>7,142</u>
Subtotal	1,311,977	568,731
Subject to passage of time	<u>450,000</u>	<u>37,500</u>
NET ASSETS WITH DONOR RESTRICTIONS	\$ <u>1,761,977</u>	\$ <u>606,231</u>

The following net assets with donor restrictions were released from donor restrictions either by incurring expenses which satisfied the restricted purposes specified by the donors or through the passage of time during the years ended December 31, 2023 and 2022, respectively.

	<u>2023</u>	<u>2022</u>
Purpose restrictions accomplished:		
Education and Network Growth	\$ 144,805	\$ 435,182
Advocacy and Community Engagement	41,307	35,511
Direct Representation and Litigation	7,142	30,358
Timing restrictions accomplished	<u>187,500</u>	<u>399,194</u>
NET ASSETS RELEASED FROM DONOR RESTRICTIONS	\$ <u>380,754</u>	\$ <u>900,245</u>

CATHOLIC LEGAL IMMIGRATION NETWORK, INC.

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022**

7. LIQUIDITY AND AVAILABILITY

Financial assets available for use for general expenditures within one year of the Statements of Financial Position date comprise the following:

	<u>2023</u>	<u>2022</u>
Cash and cash equivalents	\$ 586,465	\$ 407,530
Investments	15,661,843	13,232,983
Accounts receivable	21,917	17,746
Grant and contributions receivable	1,365,015	467,695
Subtotal financial assets available within one year	17,635,240	14,125,954
Less: Donor restricted funds, net of time restricted funds which will become available in the next 12 months	(1,311,977)	(568,731)
Less: Board designated funds	<u>(2,191,373)</u>	<u>(1,918,867)</u>

FINANCIAL ASSETS AVAILABLE TO MEET CASH NEEDS FOR GENERAL EXPENDITURES WITHIN ONE YEAR	<u>\$ 14,131,890</u>	<u>\$ 11,638,356</u>
---	-----------------------------	-----------------------------

CLINIC's management regularly monitors liquidity requirements to ensure that on-going operating needs and other contractual commitments are met. CLINIC has developed and adheres to a Board approved Investment Policy Statement. The goal is to maintain adequate liquidity while maximizing investment income and preserving capital. To achieve this goal, assets have been diversified to provide low to moderate risk tolerance and are regularly monitored and rebalanced when necessary.

8. CONTRIBUTED NONFINANCIAL ASSETS

During the years ended December 31, 2023 and 2022, CLINIC was the beneficiary of nonfinancial assets which allowed CLINIC to provide greater resources toward various programs.

The contributed nonfinancial assets consisted of the following for the years ended December 31, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
Legal services	\$ 470,432	\$ 1,096,673
Advertising services	<u>3,276</u>	<u>3,717</u>
TOTAL	<u>\$ 473,708</u>	<u>\$ 1,100,390</u>

The contributed nonfinancial assets have been recorded in support and in the following functional expense categories for the years ended December 31, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
Direct Representation and Litigation	\$ 470,432	\$ 1,052,083
Advocacy and Community Engagement	3,276	3,832
Management and General	<u>-</u>	<u>44,475</u>
TOTAL	<u>\$ 473,708</u>	<u>\$ 1,100,390</u>

CATHOLIC LEGAL IMMIGRATION NETWORK, INC.

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022**

9. LEASE COMMITMENTS

CLINIC follows FASB ASC 842 for leases. CLINIC has elected the practical expedient that allows lessees to choose to not separate lease and non-lease components by class of underlying asset and is applying this expedient to all relevant asset classes. CLINIC has also elected to use a risk-free rate as the lease discount rate for all leases as allowed under FASB ASC 842.

CLINIC leased office space in Maryland under a ten-year agreement, which originated in August 2013 and expired in 2023. The agreement included tenant allowances for improvements, escalation clauses, and charges for other costs related to the leased space.

CLINIC also leases space in Oakland, California under a lease agreement which was entered into in January 2013. On April 1, 2018, this lease was renewed for an additional five years and expired on May 31, 2023. The agreement contained rent abatements, escalation clauses, and charges for other costs related to the leased space.

In May 2023, CLINIC entered into a new lease agreement for office space in Silver Spring, Maryland. The 65th full calendar month lease began in August 2023 and will expire in December 2028. Base rent is \$9,734 with annual escalations of 2.5%. The lease includes a rent abatement for the first five months of the lease.

For the Silver Spring, Maryland lease, the operating lease liability was determined by calculating the present value of all future rentals using a risk free rate of 3.64% as the discount rate. For the year ended December 31, 2023, total amortization on the right-of-use assets was \$39,353.

For the years ended December 31, 2023 and 2022, total lease cost was \$300,123 and \$374,066, respectively. For the years ended December 31, 2023 and 2022, total cash paid was \$244,816 and \$410,971.

The following is a schedule of the future minimum lease payments due under the operating leases, net of imputed interest:

Year Ending December 31,

2024	\$ 108,288
2025	120,972
2026	123,997
2027	127,096
2028	<u>130,274</u>
	610,627
Less: Imputed interest	<u>(53,268)</u>
	557,359
Less: Current portion	<u>(89,659)</u>
LONG-TERM PORTION	<u>\$ 467,700</u>

10. RETIREMENT PLAN

In 2010, CLINIC established the Catholic Legal Immigration Network, Inc. 403(b) Plan (the 403(b) Plan). Prior to January 1, 2015, CLINIC matched 100% of employee contributions up to \$1,500 per year for participating employees hired prior to January 1, 2008. All employees hired on or after January 1, 2008, received a 200% employer match, up to \$3,000 per year.

CATHOLIC LEGAL IMMIGRATION NETWORK, INC.

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022**

10. RETIREMENT PLAN (Continued)

In 2014, CLINIC's Board approved an amendment to the 403(b) Plan to allow all CLINIC staff to become eligible to receive a two-to-one match of their 403(b) contributions up to \$3,000 after one year of employment. This change was effective as of January 1, 2015. Annual 403(b) Plan expense for the years ended December 31, 2023 and 2022, totaled \$137,444 and \$137,108, 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. The Plan 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 summarizes the information regarding the Plan as of December 31, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
Plan Assets at Fair Value	\$ 63,928,345	\$ 59,305,881
Projected Benefit Obligation	\$ 74,421,421	\$ 75,868,152

The risks of participating in a multiemployer defined benefit pension plan are 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 of 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.

11. SUBSEQUENT EVENTS

In preparing these financial statements, CLINIC has evaluated events and transactions for potential recognition or disclosure through October 11, 2024, the date the financial statements were issued.