

**CATHOLIC LEGAL IMMIGRATION  
NETWORK, INC.**

**AUDITED FINANCIAL STATEMENTS**

**December 31, 2009 and 2008**

**CATHOLIC LEGAL IMMIGRATION NETWORK, INC.**  
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Board of Directors  
Catholic Legal Immigration Network, Inc.  
Washington, DC

Report of Independent Auditors

We have audited the accompanying statements of financial position of Catholic Legal Immigration Network, Inc. (CLINIC) as of December 31, 2009 and 2008, and the related statements of activities and cash flows for the years then ended. These financial statements are the responsibility of the CLINIC's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits 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 audits provide a reasonable basis for our 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, 2009 and 2008, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken 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 of the CLINIC. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

*Drolet + Associates, PLLC*

Washington, DC  
June 3, 2010

**CATHOLIC LEGAL IMMIGRATION NETWORK, INC.**  
**STATEMENTS OF FINANCIAL POSITION**  
**December 31, 2009 and 2008**

	2009	2008
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$ 877,649	\$ 1,084,318
Accounts receivable (net of allowance for doubtful accounts of \$24,100 for 2009 and 2008)	102,063	24,361
Contributions receivable	525,908	813,329
Grants receivable	71,869	82,172
Prepaid expenses and other current assets	319,080	99,942
Certificates of deposit	1,756,020	1,220,261
<b>TOTAL CURRENT ASSETS</b>	<b>3,652,589</b>	<b>3,324,383</b>
<b>RESTRICTED INVESTMENTS</b>	<b>937,691</b>	<b>784,612</b>
<b>FIXED ASSETS, net</b>	<b>28,360</b>	<b>26,948</b>
<b>CONTRIBUTIONS RECEIVABLE, net of current portion</b>	<b>2,500</b>	<b>96,244</b>
<b>DEPOSITS</b>	<b>11,653</b>	<b>3,250</b>
<b>TOTAL ASSETS</b>	<b>\$ 4,632,793</b>	<b>\$ 4,235,437</b>
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable	\$ 205,971	\$ 290,559
Accrued expenses	414,213	104,041
Deferred revenue	2,000	13,180
<b>TOTAL CURRENT LIABILITIES</b>	<b>622,184</b>	<b>407,780</b>
<b>DEFERRED RENT AND LEASE INCENTIVE</b>	<b>45,159</b>	<b>32,625</b>
<b>TOTAL LIABILITIES</b>	<b>667,343</b>	<b>440,405</b>
<b>NET ASSETS</b>		
Unrestricted	2,038,092	1,396,517
Unrestricted - Board designated for endowment	437,691	284,612
Total unrestricted	2,475,783	1,681,129
Temporarily restricted	1,489,667	2,113,903
<b>TOTAL NET ASSETS</b>	<b>3,965,450</b>	<b>3,795,032</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 4,632,793</b>	<b>\$ 4,235,437</b>

*The accompanying notes are an integral part of these financial statements.*

**CATHOLIC LEGAL IMMIGRATION NETWORK, INC.**  
**STATEMENT OF ACTIVITIES**  
**For the Year Ended December 31, 2009**

	Unrestricted	Temporarily Restricted	Total
<b>REVENUE, GRANTS, AND OTHER SUPPORT</b>			
United States Conference of Catholic Bishops support	\$ 2,087,578		\$ 2,087,578
Professional services fees	105,831		105,831
Religious contract revenues	1,299,242		1,299,242
Federal awards	344,945		344,945
Other grants and contributions	586,696	\$ 709,571	1,296,267
Investment income	213,690		213,690
Training and seminars	342,555		342,555
Membership and other	218,227		218,227
Net assets released from restrictions	1,333,807	(1,333,807)	-0-
<b>TOTAL REVENUE, GRANTS , AND OTHER SUPPORT</b>	<b>6,532,571</b>	<b>(624,236)</b>	<b>5,908,335</b>
<b>EXPENSES</b>			
<b>PROGRAM EXPENSES</b>			
Direct representation	1,521,671		1,521,671
Emergency population representation	83,563		83,563
Diocesan support	3,176,242		3,176,242
<b>TOTAL PROGRAM EXPENSES</b>	<b>4,781,476</b>	<b>-0-</b>	<b>4,781,476</b>
<b>SUPPORTING SERVICES</b>			
Fundraising and development	380,817		380,817
Management and general	575,624		575,624
<b>TOTAL SUPPORTING SERVICES</b>	<b>956,441</b>	<b>-0-</b>	<b>956,441</b>
<b>TOTAL EXPENSES</b>	<b>5,737,917</b>	<b>-0-</b>	<b>5,737,917</b>
<b>CHANGE IN NET ASSETS</b>	<b>794,654</b>	<b>(624,236)</b>	<b>170,418</b>
<b>NET ASSETS, BEGINNING OF YEAR</b>	<b>1,681,129</b>	<b>2,113,903</b>	<b>3,795,032</b>
<b>NET ASSETS, END OF YEAR</b>	<b>\$ 2,475,783</b>	<b>\$ 1,489,667</b>	<b>\$ 3,965,450</b>

*The accompanying notes are an integral part of these financial statements.*

**CATHOLIC LEGAL IMMIGRATION NETWORK, INC.**  
**STATEMENT OF ACTIVITIES**  
**For the Year Ended December 31, 2008**

	Unrestricted	Restricted	Total
<b>REVENUE, GRANTS, AND OTHER SUPPORT</b>			
United States Conference of Catholic Bishops support	\$ 2,174,397		\$ 2,174,397
Professional services fees	41,131		41,131
Religious contract revenues	638,610		638,610
Federal awards	504,980		504,980
Other grants and contributions	637,185	\$ 1,021,972	1,659,157
Investment loss	(236,926)		(236,926)
Training and seminars	327,614		327,614
Membership and other	152,087		152,087
Net assets released from restrictions	1,275,354	(1,275,354)	-0-
<b>TOTAL REVENUE, GRANTS , AND OTHER SUPPORT</b>	<b>5,514,432</b>	<b>(253,382)</b>	<b>5,261,050</b>
<b>EXPENSES</b>			
<b>PROGRAM EXPENSES</b>			
Direct representation	1,666,034		1,666,034
Emergency population representation	198,486		198,486
Diocesan support	2,601,265		2,601,265
<b>TOTAL PROGRAM EXPENSES</b>	<b>4,465,785</b>	<b>-0-</b>	<b>4,465,785</b>
<b>SUPPORTING SERVICES</b>			
Fundraising and development	247,031		247,031
Management and general	548,939		548,939
<b>TOTAL SUPPORTING SERVICES</b>	<b>795,970</b>	<b>-0-</b>	<b>795,970</b>
<b>TOTAL EXPENSES</b>	<b>5,261,755</b>	<b>-0-</b>	<b>5,261,755</b>
<b>CHANGE IN NET ASSETS</b>	<b>252,677</b>	<b>(253,382)</b>	<b>(705)</b>
<b>NET ASSETS, BEGINNING OF YEAR</b>	<b>1,428,452</b>	<b>2,367,285</b>	<b>3,795,737</b>
<b>NET ASSETS, END OF YEAR</b>	<b>\$ 1,681,129</b>	<b>\$ 2,113,903</b>	<b>\$ 3,795,032</b>

*The accompanying notes are an integral part of these financial statements.*

**CATHOLIC LEGAL IMMIGRATION NETWORK, INC.**  
**STATEMENTS OF CASH FLOWS**  
**For the Years Ended December 31, 2009 and 2008**

	2009	2008
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
<b>CHANGE IN NET ASSETS</b>	<b>\$ 170,418</b>	<b>\$ (705)</b>
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	6,543	1,379
(Gain) loss on investments	(151,861)	285,086
Increase in accounts receivable	(77,702)	(5,842)
Decrease in contributions receivable	381,165	423,680
Decrease in grants receivable	10,303	184,590
Increase in prepaid expenses and other current assets	(219,138)	(79,833)
Increase in deposits	(8,403)	-0-
Decrease in accounts payable	(84,588)	(117,907)
Increase (decrease) in accrued expenses	310,172	(42,115)
(Decrease) increase in deferred revenue	(11,180)	13,180
Increase in deferred rent and lease incentive	12,534	6,228
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<b>338,263</b>	<b>667,741</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Purchases of certificates of deposit	(1,757,000)	(1,528,000)
Proceeds of the sale of certificates of deposit	1,221,241	307,739
Net (purchases) sales of restricted investments	(1,218)	46,429
Purchase of leasehold improvement	(7,955)	(1,164)
<b>NET CASH USED IN INVESTING ACTIVITIES</b>	<b>(544,932)</b>	<b>(1,174,996)</b>
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>	<b>(206,669)</b>	<b>(507,255)</b>
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	<b>1,084,318</b>	<b>1,591,573</b>
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<b>\$ 877,649</b>	<b>\$ 1,084,318</b>

*The accompanying notes are an integral part of these financial statements.*

**CATHOLIC LEGAL IMMIGRATION NETWORK, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2009 and 2008**

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**NOTE A – ORGANIZATION AND SUMMARY OF 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. The 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. The CLINIC has four regional offices in addition to the District of Columbia location.

The CLINIC is primarily funded by the United States Conference of Catholic Bishops (USCCB) and other grants and contributions.

The CLINIC operates within three major program areas consisting of Direct Representation, Emergency Population Representation, and Diocesan Support. Direct Representation consists of legal services provided to clients before the Immigration and Naturalization Service, Immigration Court, the Board of Immigration Appeals, and in Federal court. Emergency Population Representation covers the 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.

**Income Taxes** The CLINIC is exempt from Federal income tax under section 501(c)(3) of the Internal Revenue Code (the Code). In addition, the CLINIC has been determined by the Internal Revenue Service not to be a private foundation within the meaning of Section 509 (a) of the Code. No provision for income tax is required for the years ended December 31, 2009 and 2008, as the CLINIC had no net unrelated business income.

**Cash and Cash Equivalents** The CLINIC considers all highly liquid short-term investments which have an original maturity of three months or less to be cash equivalents.

**Fixed Assets** The CLINIC capitalizes all fixed asset acquisitions of \$5,000 and above. Fixed assets are recorded at cost, if purchased, or fair market value at date of donation, if contributed. Depreciation is computed using the straight-line method over the estimated useful lives of the assets which range from three to seven years. Leasehold improvements are amortized over the shorter of the lease term or useful life of the asset.

**Accounts Receivable** Accounts receivable are stated at the amount management expects to collect from the outstanding balances. An allowance for doubtful accounts has been established to provide for potentially uncollectible amounts. 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 the CLINIC's policy to charge off uncollectible accounts receivable when management determines the receivable will not be collected.



**CATHOLIC LEGAL IMMIGRATION NETWORK, INC.**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**December 31, 2009 and 2008**

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**NOTE A – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**  
**(Continued)**

**Certificates of  
Deposit**

Certificates of deposit are recorded at fair market value.

**Restricted  
Investments**

The CLINIC is a participant in a master trust investment arrangement; therefore, purchases and sales are shown as net in the statement of cash flows. The pooled investments are managed by independent investment managers and securities are held in safekeeping by a bank custodian. The investment portfolios also include assets of USCCB and Catholic Relief Services (CRS); however, proportional ownership of these portfolios is separately reported by the custodian bank and amounts owned by USCCB and CRS are not reported in these financial statements.

Investments are recorded at fair market value.

**Recognition of  
Donor Restricted  
Contributions**

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 is satisfied, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statement of Activities as net assets released from restrictions.

**Donated  
Services**

Donated services are recognized as contributions in accordance with SFAS No. 116, *Accounting for Contributions Received and Contributions Made*, 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 the CLINIC.

**Functional  
Allocation of  
Expenses**

The costs of providing the various programs and activities have been summarized on a functional basis in the Statement of Activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

**Use of  
Estimates**

Management uses estimates 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 revenues and expenses. Actual results could vary from the estimates that were assumed in preparing the financial statements.

**CATHOLIC LEGAL IMMIGRATION NETWORK, INC.**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**December 31, 2009 and 2008**

**NOTE A – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**  
**(Continued)**

**Accounting for  
Uncertain Tax  
Positions**

On January 1, 2009, CLINIC adopted the provisions of Financial Accounting Standards Board Interpretation No. 48, *Accounting for Uncertainty in Income Taxes* (FIN 48). FIN 48 requires that a tax position be recognized or derecognized based on a "more-likely-than-not" threshold. This applies to positions taken or expected to be taken in a tax return. The implementation of FIN 48 had no impact on the CLINIC's financial statements. The CLINIC does not believe its financial statements include, or reflect, any uncertain tax positions.

Tax years from December 31, 2006 through the current year remain open for examination by the Federal and state tax authorities.

**Deferred  
Rent and Lease  
Incentive**

The CLINIC records rent expense, including incentives, on the straight-line basis over the term of the lease.

**Reclassifications** Certain 2008 amounts have been reclassified for comparative purposes.

**NOTE B – CONTRIBUTIONS RECEIVABLE**

The CLINIC has recorded contributions receivable at the present value of estimated future cash flows as of December 31, 2009 and 2008. Contributions receivable due in more than one year are discounted at a rate of approximately 5%.

The CLINIC had contributions receivable as follows as of December 31, 2009 and 2008:

<b>Description</b>	<b>2009</b>	<b>2008</b>
Receivable in less than one year	<b>\$ 525,908</b>	\$ 813,329
Receivable in one to five years	<b>2,500</b>	105,000
Total contributions receivable	<b>528,408</b>	918,329
Less: discount to net present value	<b>-0-</b>	(8,756)
Net contributions receivable	<b>\$ 528,408</b>	\$ 909,573

Uncollectible contributions receivable are expected to be insignificant, and accordingly no allowance for doubtful promises to give has been recorded.

**CATHOLIC LEGAL IMMIGRATION NETWORK, INC.**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**December 31, 2009 and 2008**

**NOTE C – CONCENTRATIONS**

Two donors represent approximately 83% of contributions receivable as of December 31, 2009. Two donors represented approximately 65% of contributions receivable as of December 31, 2008. Two donors contributed approximately 64% of other grants and contributions for the year ended December 31, 2009.

The CLINIC maintains cash balances at several financial institutions. Accounts at each institution are insured by the Federal Deposit Insurance Corporation (FDIC). The CLINIC also maintains accounts with two brokerage firms. The accounts contain cash and securities. Balances are insured up to \$500,000 (with a limit of \$100,000 for cash) by the Securities Investor Protection Corporation (SIPC). At times during the year, the CLINIC's balances exceeded the FDIC and SIPC insurance amounts. Management believes the risk in these situations to be minimal.

**NOTE D – RESTRICTED INVESTMENTS**

Restricted investments include amounts set aside by the Board of Directors to assist the CLINIC in establishing an endowment fund. In addition, a donor contributed \$500,000, which may only be used for emergency cash flow situations.

Restricted investments at December 31, 2009 and 2008 consisted of the following pooled investment funds:

<b>Description</b>	<b>2009</b>	2008
USCCB Met West Mgt	<b>\$ 158,662</b>	\$ 144,386
USCCB State Street Index	<b>253,217</b>	203,851
SSGA Bond Index Fund	<b>167,114</b>	165,338
USCCB Inv Counselors MD	<b>255,233</b>	191,835
CLINIC CBIS Foreign Equity	<b>103,465</b>	79,202
<b>Total restricted investments</b>	<b>\$ 937,691</b>	\$ 784,612

Investment income (loss) for the years ended December 31, 2009 and 2008 is summarized as follows:

<b>Description</b>	<b>2009</b>	2008
Interest and dividend income	<b>\$ 61,829</b>	\$ 48,160
Net realized loss	<b>(7,389)</b>	(10,307)
Net unrealized gain (loss)	<b>159,250</b>	(274,779)
<b>Total investment income (loss)</b>	<b>\$ 213,690</b>	\$ (236,926)

**CATHOLIC LEGAL IMMIGRATION NETWORK, INC.**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**December 31, 2009 and 2008**

**NOTE E – FIXED ASSETS**

The CLINIC held the following fixed assets as of December 31, 2009 and 2008:

<b>Description</b>	<b>2009</b>	<b>2008</b>
Furniture and equipment	<b>\$ 129,854</b>	\$ 129,854
Leasehold improvements	<b>35,515</b>	27,560
Accumulated depreciation and amortization	<b>(137,009)</b>	(130,466)
<b>Fixed assets, net</b>	<b>\$ 28,360</b>	\$ 26,948

**NOTE F – EMPLOYEE BENEFIT PLANS**

In 1996, the CLINIC established a salary reduction plan (Annuity Plan) under Section 403(b) of the Internal Revenue Code. The 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 received a dollar for dollar match up to \$3,000. Annuity Plan expense for the years ended December 31, 2009 and 2008 was approximately \$50,000 and \$38,000, respectively.

The CLINIC's employees, hired prior to January 1, 2008, participate in a multi-employer, noncontributory defined benefit pension plan (the Plan) administered by the United States Catholic Conference for Bishops. The Plan covers full-time employees over the age of 25 who have completed one year of employment with the CLINIC. The benefits are based on years of service and final average pay. Pension expense for the years ended December 31, 2009 and 2008 was approximately \$269,000 and \$78,000, respectively. Information regarding assets and actuarial liabilities of the Plan is not available at the individual employer level.

**NOTE G – TEMPORARILY RESTRICTED NET ASSETS**

Temporarily restricted net assets are available for the following purposes at December 31, 2009 and 2008:

<b>Description</b>	<b>2009</b>	<b>2008</b>
Naturalization, legal representation, and advocacy	<b>\$ 701,793</b>	\$ 819,969
Legal research and program implementation	<b>133,442</b>	260,061
Immigration law training and manuals	<b>88,866</b>	92,689
Donor restricted for emergency situations	<b>500,000</b>	500,000
Restriction for subsequent period	<b>65,566</b>	441,184
<b>Total</b>	<b>\$ 1,489,667</b>	\$ 2,113,903

**CATHOLIC LEGAL IMMIGRATION NETWORK, INC.**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**December 31, 2009 and 2008**

**NOTE G – TEMPORARILY RESTRICTED NET ASSETS (Continued)**

Net assets were released from donor restrictions during 2009 and 2008 as follows:

<b>Description</b>	<b>2009</b>	<b>2008</b>
Naturalization, legal representation, and advocacy	<b>\$ 682,388</b>	\$ 673,750
Legal research and program implementation	<b>149,459</b>	26,359
Immigration law training and manuals	<b>51,960</b>	125,245
Timing releases	<b>450,000</b>	450,000
<b>Total</b>	<b>\$ 1,333,807</b>	\$ 1,275,354

**NOTE H – OPERATING LEASES**

The CLINIC leases office space and copier equipment for the national office and three regional offices under various operating lease agreements over terms that expire through 2013. The office space leases include options to renew for an additional one to five year lease term. In the normal course of business, operating leases are generally renewed or replaced by other leases. Rent expense was approximately \$290,000 and \$243,000 for the years ended December 31, 2009 and 2008, respectively.

Future minimum lease payments under operating leases that have remaining terms in excess of one year as of December 31, 2009 are:

<b>For the Years Ending December 31,</b>	<b>Amount</b>
2010	<b>\$ 257,100</b>
2011	<b>262,015</b>
2012	<b>263,495</b>
2013	<b>166,113</b>
2014	<b>17,929</b>
<b>Total future minimum lease payments</b>	<b>\$ 966,652</b>

**NOTE I – CONTINGENT LIABILITIES**

The CLINIC receives financial assistance and awards from government agencies. Expenditures of funds under these programs require compliance with the 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 FINANCIAL STATEMENTS (Continued)**  
**December 31, 2009 and 2008**

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**NOTE J – DONATED SERVICES**

The approximate value of donated services included in management and general expenses in the financial statements for the years ended December 31, 2009 and 2008 are as follows:

<b>Description</b>	<b>2009</b>	<b>2008</b>
Professional services, temporary staff, and consultants	<b>\$ 11,500</b>	\$ 15,000
<b>Total expenses</b>	<b>\$ 11,500</b>	\$ 15,000

Contributions of donated services of approximately \$11,500 and \$15,000 are included in other grants and contributions for the years ended December 31, 2009 and 2008, respectively.

**NOTE K – FAIR VALUE MEASUREMENTS**

Statement of Financial Accounting Standards No. 157, "*Fair Value Measurements*", (SFAS 157) defines fair value, establishes a frame work for measuring fair value, and expands disclosures about fair value measurements. Fair value 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. A fair value measurement assumes that the transaction to sell the asset or transfer the liability occurs in the principal market for the asset or liability, or in the absence of a principal market, the most advantageous market. Valuation techniques that are consistent with the market, income or cost approach, as specified by SFAS 157, are used to measure fair value. The fair value hierarchy prioritizes the inputs to valuation techniques used to measure fair value into three broad levels as follows:

**Level 1** - inputs to the valuation methodology are quoted prices (unadjusted) for identical assets or liabilities in active markets (examples include equity securities);

**Level 2** - inputs to the valuation methodology include quoted prices for similar assets and liabilities in active markets, and inputs that are observable for the asset or liability other than quoted prices, either directly or indirectly, including inputs in markets that are not considered to be active (examples include corporate or municipal bonds);

**Level 3** - inputs to the valuation methodology are unobservable and significant to the fair value measurement. The inputs to the determination of fair value require significant management judgment (examples include certain private equity securities and split interest agreements).

An investment's categorization within the valuation hierarchy is based upon the lowest level of input that is significant to the fair value measurement.

**CATHOLIC LEGAL IMMIGRATION NETWORK, INC.**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**December 31, 2009 and 2008**

**NOTE K – FAIR VALUE MEASUREMENTS (Continued)**

The following presents certificates of deposit and restricted investments carried at fair value as of December 31, 2009 and 2008 by SFAS 157 valuation hierarchy (as described above):

<b>December 31, 2009</b>	<b>Fair Value</b>	<b>Fair Value Measurements at Reporting Date</b>		
		<b>Using:</b>		
		<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>
<b>Certificates of deposit</b>	<b>\$ 1,756,020</b>		<b>\$ 1,756,020</b>	
<b>Restricted investments:</b>				
USCCB Met West Mgt	158,662		158,662	
USCCB State Street Index	253,217		253,217	
SSGA Bond Index Fund	167,114		167,114	
USCCB Inv Counselors MD	255,233		255,233	
CLINIC CBIS Foreign Equity	103,465		103,465	
<b>Total</b>	<b>\$ 2,693,711</b>	<b>\$ -0-</b>	<b>\$ 2,693,711</b>	<b>\$ -0-</b>
<b>December 31, 2008</b>	<b>Fair Value</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>
Certificates of deposit	\$ 1,220,261		\$ 1,220,261	
			\$ -0-	
Restricted investments:			\$ -0-	
USCCB Met West Mgt	144,386		\$ 144,386	
USCCB State Street Index	203,851		\$ 203,851	
SSGA Bond Index Fund	165,338		\$ 165,338	
USCCB Inv Counselors MD	191,835		\$ 191,835	
CLINIC CBIS Foreign Equity	79,202		\$ 79,202	
<b>Total</b>	<b>\$ 2,004,873</b>	<b>\$ -0-</b>	<b>\$ 2,004,873</b>	<b>\$ -0-</b>

**NOTE L – ENDOWMENT**

The CLINIC has established a board-designated endowment which includes funds set aside by the Board of Directors to provide general operating support to the CLINIC. Net assets associated with the endowment funds are classified and reported based on the existence or absence of designations by the Board of Directors.

**CATHOLIC LEGAL IMMIGRATION NETWORK, INC.**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**December 31, 2009 and 2008**

**NOTE L – ENDOWMENT (Continued)**

*Interpretation of Relevant Law*

The Board of Directors of the CLINIC has adopted FASB Staff Position FAS 117-1, *Endowments of Not-for-Profit Organizations: Net Asset Classification of Funds Subject to an Enacted Version of the Uniform Prudent Management of Institutional Funds Act, and Enhanced Disclosures for All Endowment Funds* and the Uniform Prudent Management of Institutional Funds Act (the Act) as requiring the preservation of the purchasing power (real value) of the endowment funds absent explicit donor or Board of Directors stipulations to the contrary.

As a result of this interpretation, the CLINIC classifies as board-designated net assets (a) the original value of funds designated for the endowment, (b) the original value of subsequent funds for the board-designated endowment, and (c) accumulations to the board-designated endowments made in accordance with the direction of the applicable gift instrument at the time the accumulation is added to the fund. If the endowment assets earn investment returns beyond the amount necessary to maintain the endowment assets' real value, that excess is available for appropriation and, therefore, is classified as unrestricted net assets.

In accordance with the Act, the CLINIC considers the following factors in making a determination to appropriate or accumulate board-designated endowment funds:

- (1) The duration and preservation of the fund
- (2) The purposes of the CLINIC and the board-designated endowment fund
- (3) General economic conditions
- (4) The possible effect of inflation and deflation
- (5) The expected total return from income and the appreciation of investments
- (6) Other resources of the CLINIC
- (7) The investment policies of the CLINIC

As a result of the adoption of the Act, the CLINIC had the following changes in the endowment net assets during the year ended December 31, 2009:

	<b>Board-designated</b>	<b>Total</b>
Endowment net assets, beginning of year	\$ 284,612	\$ 284,612
Investment return:		
Interest and dividends	23,806	23,806
Net gains (realized & unrealized)	129,273	129,273
Total investment return	153,079	153,079
<b>Endowment net assets, end of year</b>	<b>\$ 437,691</b>	<b>\$ 437,691</b>



**CATHOLIC LEGAL IMMIGRATION NETWORK, INC.**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**December 31, 2009 and 2008**

**NOTE L – ENDOWMENT (Continued)**

*Interpretation of Relevant Law (Continued)*

As a result of the adoption of the Act, the CLINIC had the following changes in the endowment net assets during the year ended December 31, 2008:

	<b>Board-designated</b>	<b>Total</b>
Endowment net assets, beginning of year	\$ 616,127	\$ 616,127
Investment return:		
Interest and dividends	27,788	27,788
Net losses (realized & unrealized)	(359,303)	(359,303)
Total investment return	(331,515)	(331,515)
Endowment net assets, end of year	\$ 284,612	\$ 284,612

*Funds with Deficiencies*

From time to time, the fair value of assets associated with the board-designated endowment funds may fall below the level that the Board of Directors or the Act requires the CLINIC to retain as a fund of perpetual duration.

*Return Objectives and Risk Parameters*

The 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. Endowment assets include those assets of board-designated funds that the CLINIC must hold in perpetuity or for board-designated periods. 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, the 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). The CLINIC targets a diversified asset allocation that provides reasonable and predictable funds for the CLINIC's program purposes and to maintain a balance between spending and the protection of the principal.

**CATHOLIC LEGAL IMMIGRATION NETWORK, INC.**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**December 31, 2009 and 2008**

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**NOTE L – ENDOWMENT (Continued)**

*Spending Policy and How the Investment Objectives Relate to Spending Policy*

The CLINIC has a goal of protecting the principal investment of the funds supporting its endowments. Therefore, annual expenses charged to each fund are not to exceed the annual net earnings of the fund.

**NOTE M – SUBSEQUENT EVENTS**

We have evaluated whether events or transactions have occurred after December 31, 2009 that would require recognition or disclosure in these financial statements through June 3, 2010, which is the date the financial statements were available to be issued.

**SUPPLEMENTAL INFORMATION**

**CATHOLIC LEGAL IMMIGRATION NETWORK, INC.**  
**SCHEDULE OF FUNCTIONAL EXPENSES**  
**For the Year Ended December 31, 2009**

	Direct Representation	Emergency Population Representation	Diocesan Support	Fundraising and Development	Management and General	TOTAL
Salaries and wages	\$ 888,286	\$ 57,315	\$ 1,355,536	\$ 217,511	\$ 314,374	<b>\$ 2,833,022</b>
Fringe benefits	274,354	17,702	418,668	67,180	97,097	<b>875,001</b>
Staff travel	41,933	2,074	260,472	10,898	5,979	<b>321,356</b>
Bank charges and credit card fees	330		1,500	122	6,316	<b>8,268</b>
Office supplies	22,121		31,590	5,220	12,775	<b>71,706</b>
Equipment rental and maintenance	25,211		41,888	4,296	9,965	<b>81,360</b>
Staff development	1,754		50,374	195	5,374	<b>57,697</b>
Occupancy	90,929	5,867	138,758	22,265	32,181	<b>290,000</b>
Professional services, temporary staff, and consultants	55,795		93,281	23,489	54,004	<b>226,569</b>
Program management	57,562		576,770	219		<b>634,551</b>
Subscription and reference books	1,808		42,709	1,696	478	<b>46,691</b>
Licenses and fees	3,541		8,017	2,210	230	<b>13,998</b>
Communication charges	7,097	605	48,813	2,326	4,859	<b>63,700</b>
Insurance	6,351		15,875	1,774	3,013	<b>27,013</b>
Postage, shipping, and freight	28,111		26,618	4,370	6,162	<b>65,261</b>
Printing and duplication	15,179		56,843	16,140	8,687	<b>96,849</b>
Depreciation and amortization expense	796		3,389	796	1,562	<b>6,543</b>
Miscellaneous	513		5,141	110	768	<b>6,532</b>
Bad debt expense					11,800	<b>11,800</b>
<b>Total expenses</b>	<b>\$ 1,521,671</b>	<b>\$ 83,563</b>	<b>\$ 3,176,242</b>	<b>\$ 380,817</b>	<b>\$ 575,624</b>	<b>\$ 5,737,917</b>

**CATHOLIC LEGAL IMMIGRATION NETWORK, INC.**  
**SCHEDULE OF FUNCTIONAL EXPENSES**  
**For the Year Ended December 31, 2008**

	Direct Representation	Emergency Population Representation	Diocesan Support	Fundraising and Development	Management and General	TOTAL
Salaries and wages	\$ 875,390	\$ 127,958	\$ 1,126,567	\$ 149,075	\$ 260,699	<b>\$ 2,539,689</b>
Fringe benefits	233,541	34,137	300,551	39,771	69,552	<b>677,552</b>
Staff travel	26,901	17,277	297,086	315	21,144	<b>362,723</b>
Bank charges and credit card fees	330		1,185	55	5,943	<b>7,513</b>
Office supplies	22,865	1,799	59,496	1,267	23,680	<b>109,107</b>
Equipment rental and maintenance	14,083		49,935		15,579	<b>79,597</b>
Staff development	4,956	1,698	14,799	2,571	5,590	<b>29,614</b>
Occupancy	83,596	12,219	107,583	14,236	24,896	<b>242,530</b>
Professional services, temporary staff, and consultants	35,432		71,932	30,063	83,009	<b>220,436</b>
Program management	286,861		363,170			<b>650,031</b>
Subscription and reference books	17,906	1,317	33,793	112	706	<b>53,834</b>
Licenses and fees	1,628	395	11,723	170	2,765	<b>16,681</b>
Communication charges	5,997	1,663	51,799		3,928	<b>63,387</b>
Insurance	7,290		28,270	1,033	5,952	<b>42,545</b>
Postage, shipping, and freight	28,390	23	22,953	1,220	6,156	<b>58,742</b>
Printing and duplication	20,494		57,319	4,312	1,560	<b>83,685</b>
Bad debt expense					14,100	<b>14,100</b>
Depreciation and amortization expense	197		984		198	<b>1,379</b>
Miscellaneous	177		2,120	2,831	3,482	<b>8,610</b>
<b>Total expenses</b>	<b>\$ 1,666,034</b>	<b>\$ 198,486</b>	<b>\$ 2,601,265</b>	<b>\$ 247,031</b>	<b>\$ 548,939</b>	<b>\$ 5,261,755</b>