CATHOLIC LEGAL IMMIGRATION NETWORK, INC.

FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S REPORT

DECEMBER 31, 2015 AND 2014

TABLE OF CONTENTS

JM&M
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Independent Auditor's 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. (a nonprofit organization), which comprise the statements of financial position as of December 31, 2015 and 2014, and the related statements of activities, functional expenses 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.

Auditor's Responsibility

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 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, 2015, and 2014, and the changes in its net assets, functional expenses, and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Jaru Marura & McQuade PA

Washington, DC
May 11, 2016

CATHOLIC LEGAL IMMIGRATION NETWORK, INC.
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2015 AND 2014

	2015	2014
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	$ 222,231	$ 1,371,962
Accounts receivable	73,926	192,685
Contributions receivable	974,412	533,422
Federal grants receivable	116,889	46,490
Prepaid expenses and other assets	104,484	77,161
Total Current Assets	1,491,942	2,221,720
NON CURRENT ASSETS		
Investments	7,764,639	5,312,178
Property and equipment, net	378,838	426,099
Total Non Current Assets	8,143,477	5,738,277
TOTAL ASSETS	$ 9,635,419	$ 7,959,997
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable	$ 217,756	$ 197,867
Accrued expenses	695,479	487,654
Deferred revenue	50,196	144,975
Total Current Liabilities	963,431	830,496
NON CURRENT LIABILITIES		
Deferred rent	288,534	326,582
Total Liabilities	1,251,965	1,157,078
NET ASSETS		
Unrestricted	6,142,034	4,726,851
Board designated	675,268	680,209
Total unrestricted	6,817,302	5,407,060
Temporarily restricted	1,566,152	1,395,859
Total Net Assets	8,383,454	6,802,919
TOTAL LIABILITIES AND NET ASSETS	$ 9,635,419	$ 7,959,997

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

CATHOLIC LEGAL IMMIGRATION NETWORK, INC.
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2015

	Unrestricted	Temporarily Restricted	Total
REVENUE AND SUPPORT			
United States Conference of Catholic Bishops ("USCCB") support	$ 2,295,951	$ -	$ 2,295,951
Training and seminars	403,073	-	403,073
Religious contracts	1,006,432	-	1,006,432
Federal awards	367,758	-	367,758
Other grants and contributions	148,949	3,489,500	3,638,449
Membership and other	266,150	-	266,150
In-kind contributions	170,864	-	170,864
Professional services fees	901,112	-	901,112
Investment income	21,136	-	21,136
Net assets released from restrictions	3,319,207	(3,319,207)	-
Total Revenue and Support	8,900,632	170,293	9,070,925
EXPENSES			
Program Services			
Direct representation	928,388	-	928,388
Education and network growth	4,644,251	-	4,644,251
Advocacy and community engagement	910,279	-	910,279
Total Program Services	6,482,918	-	6,482,918
Support Services			
Management and general	733,023	-	733,023
Fundraising and development	274,449	-	274,449
Total Support Services	1,007,472	-	1,007,472
Total Expenses	7,490,390	-	7,490,390
CHANGE IN NET ASSETS	1,410,242	170,293	1,580,535
NET ASSETS, beginning of year	5,407,060	1,395,859	6,802,919
NET ASSETS, end of year	$ 6,817,302	$ 1,566,152	$ 8,383,454

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

CATHOLIC LEGAL IMMIGRATION NETWORK, INC.
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2014

	Unrestricted	Temporarily Restricted	Total
REVENUE AND SUPPORT			
United States Conference of Catholic Bishops ("USCCB") support	$ 2,612,433	$ -	$ 2,612,433
Religious contracts	1,085,112	-	1,085,112
Training and seminars	271,398	-	271,398
Other grants and contributions	739,850	1,135,000	1,874,850
Membership and other	250,150	-	250,150
Federal awards	187,435	-	187,435
Investment income	122,642	-	122,642
In-kind contributions	88,983	-	88,983
Professional services fees	772,953	-	772,953
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 accompanying notes are an integral part of these financial statements.

CATHOLIC LEGAL IMMIGRATION NETWORK, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2015

	Program Services				Support Services			
	Direct Representation	Education and Network Growth	Advocacy and Community Engagement	Total Program Services	Management and General	Fundraising and Development	Total Support Services	Total
Salaries	$ 569,747	$ 1,486,615	$ 425,224	2,481,586	$ 405,989	$ 168,355	$ 574,344	$ 3,055,930
Payroll Taxes	44,333	115,676	33,088	193,097	31,591	13,100	44,691	237,788
Employee benefits	100,584	167,224	36,528	304,336	45,098	24,766	69,864	374,200
Total personnel	714,664	1,769,515	494,840	2,979,019	482,678	206,221	688,899	3,667,918
Audit and accounting	-	-	-	-	16,147	-	16,147	16,147
Bank charges and credit card fees	20	156	-	176	5,336	15	5,351	5,527
Communication	6,359	46,580	7,546	60,485	5,836	1,944	7,780	68,265
Conference	-	166,738	402	167,140	-	-	-	167,140
Convening	18,699	52,071	34,415	105,185	28,613	16,588	45,201	150,386
Depreciation and amortization	7,400	24,270	16,478	48,148	11,065	7,402	18,467	66,615
Equipment rental and maintenance	11,419	26,445	5,380	43,244	5,300	3,245	8,545	51,789
Insurance	6,425	15,871	5,104	27,400	3,466	1,437	4,903	32,303
Licenses/practice related fees	3,654	9,815	1,792	15,261	822	330	1,152	16,413
Occupancy	57,554	106,090	49,070	212,714	50,314	17,378	67,692	280,406
Office supplies	12,352	15,083	4,673	32,108	46,322	2,000	48,322	80,430
Postage, shipping and freight	9,675	2,059	1,715	13,449	1,019	1,302	2,321	15,770
Printing and duplication	3,930	5,521	1,367	10,818	4,999	486	5,485	16,303
Professional services, temporary staff, and consultants	54,220	194,614	139,401	388,235	41,164	8,388	49,552	437,787
Program development and marketing	3,559	3,002	130,203	136,764	231	138	369	137,133
Reports and state filing fees	-	-	130	130	115	2,885	3,000	3,130
Staff development	6,093	6,554	4,426	17,073	6,253	1,436	7,689	24,762
Sub grants	-	2,091,517	-	2,091,517	-	-	-	2,091,517
Subscriptions, books and reference materials	1,963	4,464	592	7,019	3,138	1,304	4,442	11,461
Training and program materials	1,322	17,350	-	18,672	-	-	-	18,672
Travel	9,080	86,536	12,745	108,361	20,205	1,950	22,155	130,516
Total expenses	$ 928,388	$ 4,644,251	$ 910,279	$ 6,482,918	$ 733,023	$ 274,449	$ 1,007,472	$ 7,490,390

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

CATHOLIC LEGAL IMMIGRATION NETWORK, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2014

	Program Services				Support Services			
	Direct Representation	Education and Network Growth	Advocacy and Community Engagement	Total Program Expenses	Management and General	Fundraising and Development	Total Support Services	Total
Salaries	$ 569,407	$ 1,291,120	$ 349,893	$ 2,210,420	$ 377,993	$ 161,196	$ 539,189	$ 2,749,609
Payroll Taxes	43,750	99,200	26,882	169,832	29,043	12,385	41,428	211,260
Employee benefits	93,179	100,805	18,099	212,083	62,143	23,815	85,958	298,041
Total personnel	706,336	1,491,125	394,874	2,592,335	469,179	197,396	666,575	3,258,910
Bank charges and credit card fees	-	85	-	85	6,051	-	6,051	6,136
Communication	7,326	35,040	7,216	49,582	6,473	2,095	8,568	58,150
Convening	8,422	37,719	13,449	59,590	10,893	10,690	21,583	81,173
Depreciation and amortization	8,486	16,943	12,223	37,652	9,325	6,711	16,036	53,688
Equipment rental and maintenance	17,293	23,749	8,677	49,719	13,124	5,035	18,159	67,878
Insurance	5,709	11,290	3,155	20,154	1,790	978	2,768	22,922
Licenses/practice related fees	3,967	8,628	1,742	14,337	17,346	1,325	18,671	33,008
Miscellaneous	946	-	159	1,105	-	-	-	1,105
Occupancy	63,182	90,779	30,853	184,814	30,165	17,760	47,925	232,739
Office supplies	14,795	9,826	4,452	29,073	6,463	3,587	10,050	39,123
Postage, shipping and freight	11,145	2,305	2,823	16,273	1,778	1,800	3,578	19,851
Printing and duplication	6,957	3,242	847	11,046	5,781	1,560	7,341	18,387
Professional services,							-	
temporary staff and consultants	77,902	144,336	24,913	247,151	92,075	9,295	101,370	348,521
Program development and marketing	2,033	8,428	106,441	116,902	3,040	1,216	4,256	121,158
Program management	-	844,572	-	844,572	-	-	-	844,572
Repairs and maintenance	781	441	258	1,480	287	150	437	1,917
Reports and state filing fees	-	-	-	-	65	1,590	1,655	1,655
Staff development	3,935	10,828	8,359	23,122	5,467	622	6,089	29,211
Subscriptions, books and reference materials	2,083	5,111	1,246	8,440	3,155	1,239	4,394	12,834
Training and program materials	260	38,915	77	39,252	-	-	-	39,252
Travel	6,672	92,809	11,529	111,010	16,438	310	16,748	127,758
Total expenses	$ 948,230	$ 2,876,171	$ 633,293	$ 4,457,694	$ 698,895	$ 263,359	$ 962,254	$ 5,419,948

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

CATHOLIC LEGAL IMMIGRATION NETWORK, INC.
STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2015 AND 2014

	2015	2014
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	$ 1,580,535	$ 1,846,008
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	66,615	53,688
Net (appreciation) depreciation in fair value of investments	13,546	(90,090)
(Increase) decrease in:		
Accounts receivable	118,759	(150,620)
Contributions receivable	(440,990)	(470,748)
Federal grants receivable	(70,399)	19,675
Prepaid expenses and other assets	(27,323)	45,121
Increase (decrease) in:		
Accounts payable	19,889	(56,315)
Accrued expenses	207,825	(14,929)
Deferred revenue	(94,779)	55,069
Deferred rent	(38,048)	(70,282)
Net cash provided by operating activities	1,335,630	1,166,577
CASH FLOWS FROM FINANCING ACTIVITIES		
Purchases of certificates of deposit	(6,877,000)	(1,372,834)
Proceeds from sales of certificates of deposit	4,659,000	-
Net (purchases) sales of pooled investments	(248,007)	102,219
Purchases of property and equipment	(19,354)	(71,552)
Net cash used in investing activities	(2,485,361)	(1,342,167)
NET CHANGE IN CASH AND CASH EQUIVALENTS	(1,149,731)	(175,590)
CASH AND CASH EQUIVALENTS, beginning of year	1,371,962	1,547,552
CASH AND CASH EQUIVALENTS, end of year	$ 222,231	$ 1,371,962

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

NOTE A – NATURE OF ORGANIZATION

<u>Organization</u>

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 worker 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, Direct Representation, Education and Network Growth, and Advocacy and Community Engagement.

> *Direct Representation*: 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.
>
> *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 and oversight.
>
> *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.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

<u>Basis of Accounting</u>

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.

<u>Use of Estimates</u>

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.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

Financial Statement Presentation

Financial statement presentation follows Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") topic of Not-for-Profit Entities. In accordance with the topic, net assets, revenue, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of CLINIC and changes therein are classified and reported as follows:

> *Unrestricted net assets* - Net assets that are not subject to donor-imposed stipulations.
>
> *Temporarily restricted net assets* - Net assets subject to donor-imposed stipulations that may or will be met either by actions of CLINIC and/or the passage of time. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and are reported in the statement of activities as net assets released from restrictions
>
> *Permanently restricted net assets* - Net assets subject to donor-imposed stipulations that they be maintained permanently by CLINIC. CLINIC had no permanently restricted net assets as of December 31, 2015 and 2014.

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 if management deems necessary. An allowance for doubtful accounts is based on management's evaluation of the status of existing receivables and historical collections data. Management believes that all receivables are fully collectible; therefore, no allowance for doubtful accounts was recorded as of December 31, 2015 and 2014.

Contributions and Federal Grants Receivable

Unconditional promises to give that have not been collected as of year-end are recorded as contributions receivable. Federal grants receivable are stated at the amount that management expects to collect from outstanding balances, for services provided under federal awards. Management believes that the unconditional promises to give and federal grants receivable are fully collectible, thus no allowance for uncollectible contributions receivable was deemed necessary.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

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 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 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.

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.

Grants, Contributions and Support

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.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

Revenue Recognition

Revenue from professional services, religious contracts and training and seminars 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.

In-Kind Contributions

In-kind contributions are recorded at fair market value at the date of donation. 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, 2015 and 2014, CLINIC received donated good and services in the amount of $170,864 and $88,983, 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.

Reclassifications

Certain amounts in the 2014 financial statements have been reclassified to conform to present year presentation. Such reclassification had no effect on previously reported net assets or the change in net assets.

NOTE C – INCOME TAXES

CLINIC is recognized as exempt from federal income taxes, except on unrelated business activities, under the provisions of Section 501(c)(3) of the Internal Revenue Code.

CLINIC believes it has appropriate support for any tax positions taken, and as such, does not have any uncertain tax positions that are material to the financial statements or that would have an effect on its tax-exempt status. There are no unrecognized tax benefits or liabilities that need to be recorded.

CLINIC's information returns are subject to examination by the Internal Revenue Service for a period of three years from the date they were filed, except under certain circumstances. CLINIC's Form 990 returns for the years ended December 31, 2012 through 2014, are open for examination by the Internal Revenue Service, although no request has been made as of the date of these financial statements.

NOTE D – INVESTMENTS AND 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.

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.

NOTE D – INVESTMENTS AND FAIR VALUE MEASUREMENT - continued

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-rate 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, 2015:

	Level 1	Level 2	Level 3	Total
Pooled investment funds:				
USCCB State Street Index	$ 598,268	$ -	$ -	$ 598,268
USCCB Met West Mgt	215,696	-	-	215,696
USCCB SSGA Bond Index Fund	-	282,928	-	282,928
USCCB Inv Counselors MD	191,430	-	-	191,430
CLINIC CBIS Foreign Eq	-	209,059	-	209,059
Certificates of Deposit	-	6,267,258	-	6,267,258
Total investments	$1,005,394	$6,759,245	$ -	$7,764,639

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
Certificates of Deposit	-	3,749,560		3,749,560
Total investments	$1,060,146	$4,252,032	$ -	$5,312,178

NOTE D – INVESTMENTS AND FAIR VALUE MEASUREMENT - continued

The investment income consisted of the following for the years ended:

	2015	2014
Interest and dividends	$ 34,682	$ 32,552
Net appreciation (depreciation) in fair value of investments	(13,546)	90,090
Net investment income	$ 21,136	$ 122,642

NOTE E – PROPERTY AND EQUIPMENT

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

	2015	2014
Furniture and equipment	$ 240,941	$ 221,586
Leasehold improvements	341,634	341,634
	582,575	563,220
Less: Accumulated depreciation and amortization	(203,737)	(137,121)
Property and equipment, net	$ 378,838	$ 426,099

Depreciation and amortization expense for the years ended December 31, 2015 and 2014, totaled $66,615 and $53,688, respectively.

NOTE F – EMPLOYEE BENEFIT PLANS

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 a maximum of $3,000 per year. In 2014, the CLINIC board approved an amendment to the 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, 2015 and 2014 totaled $111,248 and $82,795, respectively.

NOTE F – EMPLOYEE BENEFIT PLANS – continued

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.

During the Plan years ended December 31, 2015 and 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 $112,531 and $123,018 for 2015 and 2014, respectively. 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:

	2015	2014
Plan assets at fair value	$ 57,887,209	$ 61,245,443
Projected benefit obligation	99,114,433	106,124,838
Expected contributions from all employers	2,475,676	1,799,049

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 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.

NOTE G – BOARD DESIGNATED NET ASSETS

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

	2015	2014
Endowment	$ 669,409	$ 673,476
Lily Gutierrez Fund	5,859	6,733
Total	$ 675,268	$ 680,209

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.

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.

NOTE H – ENDOWMENT - continued

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

	2015	2014
Endowment net assets, beginning of year	$ 673,476	$ 641,606
Investment return:		
Interest and dividends	6,949	6,822
Net realized and unrealized (losses) gains	(4,067)	31,870
Total investment return	2,882	38,692
Less: Appropriated for expenditures	(6,949)	(6,822)
Endowment net assets, end of year	$ 669,409	$ 673,476

NOTE I – TEMPORARILY RESTRICTED NET ASSETS

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

	2015	2014
Education and network growth	$ 981,262	$ 688,210
Management and general	5,750	18,500
Advocacy and community engagement	79,140	189,149
Donor restricted for emergency situations	500,000	500,000
Total	$ 1,566,152	$ 1,395,859

NOTE J – COMMITMENTS AND CONTINGENCIES

During August 2013, CLINIC entered into a ten-year non-cancelable 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 non-cancelable 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 $275,378 and $232,739 for the years ended December 31, 2015 and 2014, respectively.

NOTE J – COMMITMENTS AND CONTINGENCIES – continued

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

2016	$ 316,372
2017	328,649
2018	317,954
2019	313,756
2020	326,302
Thereafter	902,892
Total future minimum lease payments	$ 2,505,925

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.

NOTE K – CONCENTRATIONS

One donor contributed approximately 25% and 35% of other grants and contributions for the years ended December 31, 2015 and 2014, respectively.

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 experienced any losses in such accounts and believes it is not exposed to any significant credit risk.

NOTE L – 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.