

**CATHOLIC LEGAL IMMIGRATION
NETWORK, INC.**

AUDITED FINANCIAL STATEMENTS

December 31, 2010 and 2009

CATHOLIC LEGAL IMMIGRATION NETWORK, INC.
AUDITED FINANCIAL STATEMENTS
December 31, 2010 and 2009

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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, 2010 and 2009, 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, 2010 and 2009, 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, P.L.L.C.

Washington, DC
June 8, 2011

CATHOLIC LEGAL IMMIGRATION NETWORK, INC.
STATEMENTS OF FINANCIAL POSITION
December 31, 2010 and 2009

	2010	2009
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 700,856	\$ 877,649
Accounts receivable (net of allowance for doubtful accounts of \$24,600 and \$24,100 for 2010 and 2009, respectively)	306,718	102,063
Contributions receivable	159,015	525,908
Grants receivable	162,928	71,869
Prepaid expenses and other current assets	97,874	319,080
Certificates of deposit	1,846,606	1,756,020
TOTAL CURRENT ASSETS	3,273,997	3,652,589
RESTRICTED INVESTMENTS	1,007,064	937,691
FIXED ASSETS, net	21,257	28,360
CONTRIBUTIONS RECEIVABLE, net of current portion	-0-	2,500
DEPOSITS	4,704	11,653
TOTAL ASSETS	\$ 4,307,022	\$ 4,632,793
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable	\$ 447,285	\$ 205,971
Accrued expenses	427,508	414,213
Deferred revenue	17,808	2,000
Deferred rent and lease incentive	9,361	-0-
TOTAL CURRENT LIABILITIES	901,962	622,184
DEFERRED RENT AND LEASE INCENTIVE, net of current portion	39,203	45,159
TOTAL LIABILITIES	941,165	667,343
NET ASSETS		
Unrestricted	1,996,151	2,038,092
Unrestricted - Board designated	515,721	437,691
Total unrestricted	2,511,872	2,475,783
Temporarily restricted	853,985	1,489,667
TOTAL NET ASSETS	3,365,857	3,965,450
TOTAL LIABILITIES AND NET ASSETS	\$ 4,307,022	\$ 4,632,793

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, 2010

	Unrestricted	Temporarily Restricted	Total
REVENUE, GRANTS, AND OTHER SUPPORT			
United States Conference of Catholic Bishops support	\$ 1,964,159		\$ 1,964,159
Professional services fees	56,116		56,116
Religious contract revenues	898,376		898,376
Federal awards	454,205		454,205
Other grants and contributions	421,145	\$ 241,220	662,365
Investment income	121,807		121,807
Training and seminars	970,398		970,398
Membership and other	236,623		236,623
Net assets released from restrictions	876,902	(876,902)	-0-
TOTAL REVENUE, GRANTS , AND OTHER SUPPORT	5,999,731	(635,682)	5,364,049
EXPENSES			
PROGRAM EXPENSES			
Direct representation	2,143,369		2,143,369
Emergency population representation	12,342		12,342
Diocesan support	2,863,716		2,863,716
TOTAL PROGRAM EXPENSES	5,019,427	-0-	5,019,427
SUPPORTING SERVICES			
Fundraising and development	271,059		271,059
Management and general	673,156		673,156
TOTAL SUPPORTING SERVICES	944,215	-0-	944,215
TOTAL EXPENSES	5,963,642	-0-	5,963,642
CHANGE IN NET ASSETS	36,089	(635,682)	(599,593)
NET ASSETS, BEGINNING OF YEAR	2,475,783	1,489,667	3,965,450
NET ASSETS, END OF YEAR	\$ 2,511,872	\$ 853,985	\$ 3,365,857

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
REVENUE, GRANTS, AND OTHER SUPPORT			
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-
TOTAL REVENUE, GRANTS , AND OTHER SUPPORT	6,532,571	(624,236)	5,908,335
EXPENSES			
PROGRAM EXPENSES			
Direct representation	1,521,671		1,521,671
Emergency population representation	83,563		83,563
Diocesan support	3,176,242		3,176,242
TOTAL PROGRAM EXPENSES	4,781,476	-0-	4,781,476
SUPPORTING SERVICES			
Fundraising and development	380,817		380,817
Management and general	575,624		575,624
TOTAL SUPPORTING SERVICES	956,441	-0-	956,441
TOTAL EXPENSES	5,737,917	-0-	5,737,917
CHANGE IN NET ASSETS	794,654	(624,236)	170,418
NET ASSETS, BEGINNING OF YEAR	1,681,129	2,113,903	3,795,032
NET ASSETS, END OF YEAR	\$ 2,475,783	\$ 1,489,667	\$ 3,965,450

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, 2010 and 2009

	2010	2009
CASH FLOWS FROM OPERATING ACTIVITIES:		
CHANGE IN NET ASSETS	\$ (599,593)	\$ 170,418
Adjustments to reconcile change in net assets to net cash (used in) provided by operating activities:		
Depreciation and amortization	7,103	6,543
Gain on investments	(74,828)	(151,861)
Increase in accounts receivable	(204,655)	(77,702)
Decrease in contributions receivable	369,393	381,165
(Increase) decrease in grants receivable	(91,059)	10,303
Decrease (increase) in prepaid expenses and other current assets	221,206	(219,138)
Decrease (increase) in deposits	6,949	(8,403)
Increase (decrease) in accounts payable	241,314	(84,588)
Increase in accrued expenses	13,295	310,172
Increase (decrease) in deferred revenue	15,808	(11,180)
Increase in deferred rent and lease incentive	3,405	12,534
NET CASH (USED IN) PROVIDED BY OPERATING ACTIVITIES	(91,662)	338,263
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of certificates of deposit	(2,202,000)	(1,757,000)
Proceeds from the sales of certificates of deposit	2,111,414	1,221,241
Net (purchases) sales of restricted investments	5,455	(1,218)
Purchases of leasehold improvement	-0-	(7,955)
NET CASH USED IN INVESTING ACTIVITIES	(85,131)	(544,932)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(176,793)	(206,669)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	877,649	1,084,318
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 700,856	\$ 877,649

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

CATHOLIC LEGAL IMMIGRATION NETWORK, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2010 and 2009

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 two 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, 2010 and 2009, 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, 2010 and 2009

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 and income 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 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, 2010 and 2009

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

**Accounting for
Uncertain Tax
Positions**

CLINIC requires that a tax position be recognized or derecognized based on a "more-likely-than-not" threshold. This applies to tax positions taken in a tax return. The CLINIC does not believe its financial statements include, or reflect, any uncertain tax positions.

Tax years from December 31, 2007 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 2009 amounts have been reclassified for comparative purposes.

NOTE B – CONTRIBUTIONS RECEIVABLE

The CLINIC had contributions receivable as follows as of December 31, 2010 and 2009:

Description	2010	2009
Receivable in less than one year	\$ 159,015	\$ 525,908
Receivable in one to five years	-0-	2,500
Total contributions receivable	\$ 159,015	\$ 528,408

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

NOTE C – CONCENTRATIONS

Two donors represent approximately 79% of contributions receivable as of December 31, 2010. Two donors represented approximately 83% of contributions receivable as of December 31, 2009. Two donors contributed approximately 50% of other grants and contributions for the year ended December 31, 2010. Two donors contributed approximately 64% of other grants and contributions for the year ended December 31, 2009.

CATHOLIC LEGAL IMMIGRATION NETWORK, INC.
NOTES TO FINANCIAL STATEMENTS (Continued)
December 31, 2010 and 2009

NOTE C – CONCENTRATIONS (Continued)

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 – FIXED ASSETS

The CLINIC held the following fixed assets as of December 31, 2010 and 2009:

Description	2010	2009
Furniture and equipment	\$ 63,490	\$ 129,854
Leasehold improvements	35,515	35,515
Accumulated depreciation and amortization	(77,748)	(137,009)
Fixed assets, net	\$ 21,257	\$ 28,360

NOTE E – 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, 2010 and 2009 consisted of the following pooled investment funds:

Description	2010	2009
USCCB Met West Mgt	\$ 164,060	\$ 158,662
USCCB State Street Index	285,379	253,217
SSGA Bond Index Fund	170,898	167,114
USCCB Inv Counselors MD	268,731	255,233
CLINIC CBIS Foreign Equity	117,996	103,465
Total restricted investments	\$ 1,007,064	\$ 937,691

CATHOLIC LEGAL IMMIGRATION NETWORK, INC.
NOTES TO FINANCIAL STATEMENTS (Continued)
December 31, 2010 and 2009

NOTE E – RESTRICTED INVESTMENTS (Continued)

Investment income for the years ended December 31, 2010 and 2009 is summarized as follows:

Description	2010	2009
Interest and dividend income	\$ 46,979	\$ 61,829
Net realized gain (loss)	15,210	(7,389)
Net unrealized gain	59,618	159,250
Total investment income	\$ 121,807	\$ 213,690

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 receive a dollar for dollar match up to \$3,000. Annuity Plan expense for the years ended December 31, 2010 and 2009 was approximately \$61,000 and \$50,000, 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 Conference of Catholic 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, 2010 and 2009 was approximately \$173,000 and \$269,000, respectively. Information regarding assets and actuarial liabilities of the Plan is not available at the individual employer level.

NOTE G – BOARD DESIGNATED NET ASSETS

Board designated net assets are available for the following purposes at December 31, 2010 and 2009:

Description	2010	2009
Endowment	\$ 507,064	\$ 437,691
Lily Guitierrez Fund	8,657	-0-
Total	\$ 515,721	\$ 437,691

CATHOLIC LEGAL IMMIGRATION NETWORK, INC.
NOTES TO FINANCIAL STATEMENTS (Continued)
December 31, 2010 and 2009

NOTE H – TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets are available for the following purposes at December 31, 2010 and 2009:

Description	2010	2009
Naturalization, legal representation, and advocacy	\$ 221,406	\$ 701,793
Legal research and program implementation	15,000	133,442
Immigration law training and manuals	15,079	88,866
Donor restricted for emergency situations	500,000	500,000
Restriction for subsequent period	102,500	65,566
Total	\$ 853,985	\$ 1,489,667

Net assets were released from donor restrictions during 2010 and 2009 as follows:

Description	2010	2009
Naturalization, legal representation, and advocacy	\$ 560,192	\$ 682,388
Legal research and program implementation	210,475	149,459
Immigration law training and manuals	40,729	51,960
Timing releases	65,506	450,000
Total	\$ 876,902	\$ 1,333,807

NOTE I – OPERATING LEASES

The CLINIC leases office space and copier equipment for the national office and two 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 \$311,000 and \$290,000 for the years ended December 31, 2010 and 2009, respectively.

Future minimum lease payments under operating leases that have remaining terms in excess of one year as of December 31, 2010 are:

For the Years Ending December 31,	Amount
2011	\$ 282,390
2012	302,798
2013	169,414
2014	17,929
Total future minimum lease payments	\$ 772,531

CATHOLIC LEGAL IMMIGRATION NETWORK, INC.
NOTES TO FINANCIAL STATEMENTS (Continued)
December 31, 2010 and 2009

NOTE J – 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.

NOTE K – DONATED SERVICES

The approximate value of donated services included in management and general expenses in the financial statements for the years ended December 31, 2010 and 2009 are as follows:

Description	2010	2009
Professional services, temporary staff, and consultants	\$ 41,200	\$ 11,500
Total expenses	\$ 41,200	\$ 11,500

Contributions of donated services of approximately \$41,200 and \$11,500 are included in other grants and contributions for the years ended December 31, 2010 and 2009, respectively.

NOTE L – FAIR VALUE MEASUREMENTS

FASB *Accounting Standards Codification 820, Fair Value Measurements and Disclosures* (ASC 820) 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 ASC 820, 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).

CATHOLIC LEGAL IMMIGRATION NETWORK, INC.
NOTES TO FINANCIAL STATEMENTS (Continued)
December 31, 2010 and 2009

NOTE L – FAIR VALUE MEASUREMENTS (Continued)

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

The following presents certificates of deposit and restricted investments carried at fair value as of December 31, 2010 and 2009 by ASC 820 valuation hierarchy (as described above):

December 31, 2010	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Certificates of deposit	\$ 1,846,606		\$ 1,846,606	
Restricted investments:				
USCCB Met West Mgt	164,060		164,060	
USCCB State Street Index	285,379		285,379	
SSGA Bond Index Fund	170,898		170,898	
USCCB Inv Counselors MD	268,731		268,731	
CLINIC CBIS Foreign Equity	117,996		117,996	
Total	\$ 2,853,670	\$ -0-	\$ 2,853,670	\$ -0-
December 31, 2009	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Certificates of deposit	\$ 1,756,020		\$ 1,756,020	
Restricted investments:				
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	
Total	\$ 2,693,711	\$ -0-	\$ 2,693,711	\$ -0-

CATHOLIC LEGAL IMMIGRATION NETWORK, INC.
NOTES TO FINANCIAL STATEMENTS (Continued)
December 31, 2010 and 2009

NOTE L – FAIR VALUE MEASUREMENTS (Continued)

Certificate of deposit values were developed utilizing the current interest rates for certificates of deposit with similar time to maturity, discounting the future payments to present value at year end, using current interest rates for similar maturity dates. The values of the pooled investments were based on information provided by the investment managers and included valuation of the underlying securities.

The CLINC recognizes transfers of assets into and out of levels as of the date an event or change in circumstances causes the transfer. There were no transfers between levels in the years ended December 31, 2010 and 2009.

NOTE M – 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. Since that amount resulted from an internal designation and is not donor-restricted, it is classified and reported as unrestricted net assets.

The CLINIC had the following changes in the endowment net assets during the year ended December 31, 2010:

	Board-designated
Endowment net assets, beginning of year	\$ 437,691
Investment return:	
Interest and dividends	21,577
Net gains (realized & unrealized)	47,796
Total investment return	69,373
Endowment net assets, end of year	\$ 507,064

The CLINIC had the following changes in the endowment net assets during the year ended December 31, 2009:

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

CATHOLIC LEGAL IMMIGRATION NETWORK, INC.
NOTES TO FINANCIAL STATEMENTS (Continued)
December 31, 2010 and 2009

NOTE M – ENDOWMENT (Continued)

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. 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.

Spending Policy

The CLINIC has a goal of protecting the principal investment of the funds supporting its endowment. The CLINIC is continuing to build its endowment; and therefore, there have been no expenditures in 2010 or 2009.

NOTE N – SUBSEQUENT EVENTS

Subsequent events were evaluated through June 8, 2011, 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, 2010

	Direct Representation	Emergency Population Representation	Diocesan Support	Fundraising and Development	Management and General	TOTAL
Salaries and wages	\$ 1,123,104	\$ 8,402	\$ 1,375,908	\$ 160,294	\$ 354,264	\$ 3,021,972
Fringe benefits	337,947	2,528	414,016	48,233	106,600	909,324
Staff travel	16,831	547	103,202	6,076	7,721	134,377
Convening			103,966			103,966
Bank charges and credit card fees	175		841	35	5,656	6,707
Office supplies	20,865		25,919	3,428	4,856	55,068
Equipment rental and maintenance	21,192		43,894	8,552	12,617	86,255
Staff development	9,466		14,998	1,348	3,676	29,488
Occupancy	115,666	865	141,702	16,508	36,485	311,226
Professional services, temporary staff, and consultants	44,971		68,107	2,527	100,808	216,413
Program management	389,341		405,213	14,725		809,279
Subscription and reference books	4,961		61,357	1,703	476	68,497
Licenses and fees	5,973		8,930	670	310	15,883
Communication charges	8,083		50,557	2,151	7,662	68,453
Insurance	8,254		19,761	1,674	4,116	33,805
Postage, shipping, and freight	24,966		14,141	1,876	698	41,681
Printing and duplication	9,570		4,624	186	688	15,068
Depreciation and amortization expense	888		4,439	888	888	7,103
Miscellaneous	1,116		2,141	185	13,619	17,061
Bad debt expense					12,016	12,016
Total expenses	\$ 2,143,369	\$ 12,342	\$ 2,863,716	\$ 271,059	\$ 673,156	\$ 5,963,642

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