

**CATHOLIC LEGAL IMMIGRATION
NETWORK, INC.**

AUDITED FINANCIAL STATEMENTS

December 31, 2011

CATHOLIC LEGAL IMMIGRATION NETWORK, INC.
AUDITED FINANCIAL STATEMENTS
December 31, 2011

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Board of Directors
Catholic Legal Immigration Network, Inc.
Washington, DC

Report of Independent Auditors

We have audited the accompanying statement of financial position of Catholic Legal Immigration Network, Inc. (CLINIC) as of December 31, 2011, and the related statements of activities, functional expenses, and cash flows for the year 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 audit. The prior year summarized comparative information has been derived from the CLINIC's 2010 financial statements and in our report dated June 8, 2011, we expressed an unqualified opinion on those financial statements.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 audit provides 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, 2011, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 4, 2012, on our consideration of CLINIC's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole.

Drolet + Associates, PLLC

Washington, DC
June 4, 2012

CATHOLIC LEGAL IMMIGRATION NETWORK, INC.
STATEMENT OF FINANCIAL POSITION
December 31, 2011
(With Summarized Financial Information for December 31, 2010)

	2011	2010
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 921,352	\$ 700,856
Accounts receivable (net of allowance for doubtful accounts of \$10,400 and \$24,600 for 2011 and 2010, respectively)	489,486	306,718
Contributions receivable	291,423	159,015
Grants receivable	130,655	162,928
Prepaid expenses and other current assets	181,764	97,874
Certificates of deposit	1,448,078	1,846,606
TOTAL CURRENT ASSETS	3,462,758	3,273,997
INVESTMENTS	1,500,688	1,007,064
FIXED ASSETS, net	14,154	21,257
DEPOSITS	3,144	4,704
TOTAL ASSETS	\$ 4,980,744	\$ 4,307,022
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable	\$ 626,258	\$ 447,285
Accrued expenses	391,007	427,508
Deferred revenue	325,790	17,808
Deferred rent and lease incentive	21,059	9,361
TOTAL CURRENT LIABILITIES	1,364,114	901,962
DEFERRED RENT AND LEASE INCENTIVE, net of current portion	16,380	39,203
TOTAL LIABILITIES	1,380,494	941,165
NET ASSETS		
Unrestricted	2,169,911	1,996,151
Unrestricted - Board designated	508,705	515,721
Total unrestricted	2,678,616	2,511,872
Temporarily restricted	921,634	853,985
TOTAL NET ASSETS	3,600,250	3,365,857
TOTAL LIABILITIES AND NET ASSETS	\$ 4,980,744	\$ 4,307,022

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, 2011
(With Summarized Financial Information for the Year Ended December 31, 2010)

	Unrestricted	Temporarily Restricted	2011 Total	2010 Total
REVENUE, GRANTS, AND OTHER SUPPORT				
United States Conference of Catholic Bishops support	\$ 2,027,682		\$ 2,027,682	\$ 1,964,159
Professional services fees	21,461		21,461	56,116
Religious contract revenues	818,598		818,598	898,376
Federal awards	737,937		737,937	454,205
Other grants and contributions	351,774	\$ 420,511	772,285	662,365
Investment income	36,276		36,276	121,807
Training and seminars	2,625,577		2,625,577	970,398
Membership and other	292,591		292,591	236,623
Net assets released from restrictions	352,862	(352,862)	-0-	-0-
TOTAL REVENUE, GRANTS, AND OTHER SUPPORT	7,264,758	67,649	7,332,407	5,364,049
EXPENSES				
PROGRAM EXPENSES				
Direct representation	3,721,684		3,721,684	2,143,369
Emergency population representation	14,923		14,923	12,342
Diocesan support	2,438,754		2,438,754	2,863,716
TOTAL PROGRAM EXPENSES	6,175,361	-0-	6,175,361	5,019,427
SUPPORTING SERVICES				
Fundraising and development	363,331		363,331	271,059
Management and general	559,322		559,322	673,156
TOTAL SUPPORTING SERVICES	922,653	-0-	922,653	944,215
TOTAL EXPENSES	7,098,014	-0-	7,098,014	5,963,642
CHANGE IN NET ASSETS	166,744	67,649	234,393	(599,593)
NET ASSETS, BEGINNING OF YEAR	2,511,872	853,985	3,365,857	3,965,450
NET ASSETS, END OF YEAR	\$ 2,678,616	\$ 921,634	\$ 3,600,250	\$ 3,365,857

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

CATHOLIC LEGAL IMMIGRATION NETWORK, INC.
STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended December 31, 2011
(With Summarized Financial Information for the Year Ended December 31, 2010)

	Direct Representation	Emergency Population Representation	Diocesan Support	Fundraising and Development	Management and General	2011 Total	2010 Total
Salaries and wages	\$1,332,804	\$7,147	\$1,174,462	\$213,965	\$312,134	\$3,040,512	\$ 3,021,972
Fringe benefits	387,129	2,076	341,137	62,149	90,663	883,154	909,324
Staff travel	46,238	3,687	79,344	6,104	9,558	144,931	134,377
Convening			91,848			91,848	103,966
Bank charges and credit card fees	750		710	311	5,843	7,614	6,707
Office supplies	20,650		16,665	6,300	5,900	49,515	55,068
Equipment rental and maintenance	22,373		18,299	5,189	15,497	61,358	86,255
Staff development	10,425		8,335	961	1,691	21,412	29,488
Occupancy	122,334	656	107,800	19,639	28,650	279,079	311,226
Professional services, temporary staff, and consultants	137,602	374	89,429	10,731	71,123	309,259	216,413
Program management	1,551,816		381,292	23,371		1,956,479	809,279
Subscription and reference books	22,284	33	40,968	1,208	1,701	66,194	68,497
Licenses and fees	6,580	950	8,107	79	788	16,504	15,883
Communication charges	17,491		51,379	3,341	6,386	78,597	68,453
Insurance	15,095		15,525	1,588	2,257	34,465	33,805
Postage, shipping, and freight	18,329		4,629	6,931	1,765	31,654	41,681
Printing and duplication	8,406		3,072	226	2,510	14,214	15,068
Depreciation and amortization expense	888		4,439	888	888	7,103	7,103
Miscellaneous	490		1,314	350	1,968	4,122	17,061
Bad debt expense						-0-	12,016
Total expenses	\$ 3,721,684	\$ 14,923	\$ 2,438,754	\$ 363,331	\$ 559,322	\$ 7,098,014	\$ 5,963,642

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

CATHOLIC LEGAL IMMIGRATION NETWORK, INC.
STATEMENT OF CASH FLOWS
For the Year Ended December 31, 2011
(With Summarized Financial Information for the Year Ended December 31, 2010)

	2011	2010
CASH FLOWS FROM OPERATING ACTIVITIES:		
CHANGE IN NET ASSETS	\$ 234,393	\$ (599,593)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation and amortization	7,103	7,103
Gain on investments	(2,515)	(74,828)
Increase in accounts receivable	(182,768)	(204,655)
(Increase) decrease in contributions receivable	(132,408)	369,393
Decrease (increase) in grants receivable	32,273	(91,059)
(Increase) decrease in prepaid expenses and other current assets	(83,890)	221,206
Decrease in deposits	1,560	6,949
Increase in accounts payable	178,973	241,314
(Decrease) increase in accrued expenses	(36,501)	13,295
Increase in deferred revenue	307,982	15,808
(Decrease) increase in deferred rent and lease incentive	(11,125)	3,405
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	313,077	(91,662)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of certificates of deposit	(1,452,000)	(2,202,000)
Proceeds from the sales of certificates of deposit	1,857,262	2,111,414
Net (purchases) sales of investments	(497,843)	5,455
NET CASH USED IN INVESTING ACTIVITIES	(92,581)	(85,131)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	220,496	(176,793)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	700,856	877,649
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 921,352	\$ 700,856

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

CATHOLIC LEGAL IMMIGRATION NETWORK, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2011

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, 2011 and 2010, 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, 2011

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

**Certificates of
Deposit**

Certificates of deposit are recorded at fair market value.

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, 2011

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, 2008 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.

**Prior Year
Information**

The financial statements include certain prior year summarized comparative totals as of and for the year ended December 31, 2010. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the financial statements for the year ended December 31, 2010, from which the summarized information was derived.

Reclassifications Certain 2010 amounts have been reclassified for comparative purposes.

NOTE B – CONTRIBUTIONS RECEIVABLE

The CLINIC had contributions receivable as follows as of December 31, 2011 and 2010:

Description	2011	2010
Receivable in less than one year	\$ 291,423	\$ 159,015
Receivable in one to five years	-0-	-0-
Total contributions receivable	\$ 291,423	\$ 159,015

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

CATHOLIC LEGAL IMMIGRATION NETWORK, INC.
NOTES TO FINANCIAL STATEMENTS (Continued)
December 31, 2011

NOTE C – CONCENTRATIONS

Two donors represent approximately 93% of contributions receivable as of December 31, 2011. Two donors represented approximately 79% of contributions receivable as of December 31, 2010. Two donors contributed approximately 60% of other grants and contributions for the year ended December 31, 2011. Two donors contributed approximately 50% of other grants and contributions for the year ended December 31, 2010.

One nonprofit organization provided 82% and 70% of the training and seminars revenue for 2011 and 2010, respectively. In addition, the nonprofit organization represented 92% and 79% of the 2011 and 2010 accounts receivable, respectively.

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 – 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 E – FIXED ASSETS

The CLINIC held the following fixed assets as of December 31, 2011 and 2010:

Description	2011	2010
Furniture and equipment	\$ 63,490	\$ 63,490
Leasehold improvements	35,515	35,515
Accumulated depreciation and amortization	(84,851)	(77,748)
Fixed assets, net	\$ 14,154	\$ 21,257

CATHOLIC LEGAL IMMIGRATION NETWORK, INC.
NOTES TO FINANCIAL STATEMENTS (Continued)
December 31, 2011

NOTE F - INVESTMENTS

Investments at December 31, 2011 and 2010 consisted of the following pooled investment funds:

Description	2011	2010
USCCB Met West Mgt	\$ 252,387	\$ 164,060
USCCB State Street Index	464,624	285,379
SSGA Bond Index Fund	273,380	170,898
USCCB Inv Counselors MD	356,529	268,731
CLINIC CBIS Foreign Equity	153,768	117,996
Total investments	\$ 1,500,688	\$ 1,007,064

Investment income for the years ended December 31, 2011 and 2010 is summarized as follows:

Description	2011	2010
Interest and dividend income	\$ 33,761	\$ 46,979
Net gain on investments	2,515	74,828
Total investment income	\$ 36,276	\$ 121,807

NOTE G – 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, 2011 and 2010 was approximately \$60,000 and \$61,000, 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, 2011 and 2010 was approximately \$176,000 and \$173,000, respectively. Information regarding assets and actuarial liabilities of the Plan is not available at the individual employer level.

CATHOLIC LEGAL IMMIGRATION NETWORK, INC.
NOTES TO FINANCIAL STATEMENTS (Continued)
December 31, 2011

NOTE H – BOARD DESIGNATED NET ASSETS

Board designated net assets were available for the following purposes at December 31, 2011 and 2010:

Description	2011	2010
Endowment	\$ 500,688	\$ 507,064
Lily Guitierrez Fund	8,017	8,657
Total	\$ 508,705	\$ 515,721

NOTE I – TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets were available for the following purposes at December 31, 2011 and 2010:

Description	2011	2010
Naturalization, legal representation, and advocacy	\$ 171,626	\$ 221,406
Legal research and program implementation	242,008	15,000
Immigration law training and manuals	8,000	15,079
Donor restricted for emergency situations	500,000	500,000
Restriction for subsequent period	-0-	102,500
Total	\$ 921,634	\$ 853,985

Net assets were released from donor restrictions during 2011 and 2010 as follows:

Description	2011	2010
Naturalization, legal representation, and advocacy	\$ 220,565	\$ 560,192
Legal research and program implementation	15,000	210,475
Immigration law training and manuals	14,797	40,729
Timing releases	102,500	65,506
Total	\$ 352,862	\$ 876,902

NOTE J – OPERATING LEASES

The CLINIC leases office space and copier equipment for the national office and a regional office 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 \$303,000 and \$311,000 for the years ended December 31, 2011 and 2010, respectively.

CATHOLIC LEGAL IMMIGRATION NETWORK, INC.
NOTES TO FINANCIAL STATEMENTS (Continued)
December 31, 2011

NOTE J – OPERATING LEASES (Continued)

Future minimum lease payments under operating leases that have remaining terms in excess of one year as of December 31, 2011 are:

For the Years Ending December 31,	Amount
2012	\$ 300,440
2013	166,165
2014	15,456
2015	15,456
2016	10,316
Total future minimum lease payments	\$ 507,833

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, 2011 and 2010 are as follows:

Description	2011	2010
Professional services, temporary staff, and consultants	\$ 21,800	\$ 41,200
Total expenses	\$ 21,800	\$ 41,200

Contributions of donated services of approximately \$21,800 and \$41,200 are included in other grants and contributions for the years ended December 31, 2011 and 2010, 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 ASC820, 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);

CATHOLIC LEGAL IMMIGRATION NETWORK, INC.
NOTES TO FINANCIAL STATEMENTS (Continued)
December 31, 2011

NOTE L – FAIR VALUE MEASUREMENTS (Continued)

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.

The following presents certificates of deposit and investments carried at fair value as of December 31, 2011 and 2010 by ASC 820 valuation hierarchy (as described above):

December 31, 2011	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	\$ 1,448,078		\$ 1,448,078	
Investments:				
USCCB Met West Mgt	252,387		252,387	
USCCB State Street Index	464,624		464,624	
SSGA Bond Index Fund	273,380		273,380	
USCCB Inv Counselors MD	356,529		356,529	
CLINIC CBIS Foreign Equity	153,768		153,768	
Total	\$ 2,948,766	\$ -0-	\$ 2,948,766	\$ -0-

CATHOLIC LEGAL IMMIGRATION NETWORK, INC.
NOTES TO FINANCIAL STATEMENTS (Continued)
December 31, 2011

NOTE L – FAIR VALUE MEASUREMENTS (Continued)

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	
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-

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 CLINIC 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, 2011 and 2010.

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, 2011:

	2011	2010
Endowment net assets, beginning of year	\$ 507,064	\$ 437,691
Investment return:		
Interest and dividends	24,471	21,577
Net (losses) gains	(6,376)	47,796
Total investment return	18,095	69,373
Less: appropriated for expenditures	(24,471)	-0-
Endowment net assets, end of year	\$ 500,688	\$ 507,064

CATHOLIC LEGAL IMMIGRATION NETWORK, INC.
NOTES TO FINANCIAL STATEMENTS (Continued)
December 31, 2011

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; through appreciation of the investments. Interest and dividends are used by the CLINIC for current operations.

NOTE N – SUBSEQUENT EVENTS

Subsequent events were evaluated through June 4, 2012, which is the date the financial statements were available to be issued.

CATHOLIC LEGAL IMMIGRATION NETWORK, INC.
SCHEDULE OF EXPENDITURES
OF FEDERAL AWARDS
For the Year Ended December 31, 2011

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal CFDA Number	Federal Expenditures
<u>Department of Health and Human Services:</u>		
Direct program:		
Refugee and Entrant Assistance_Discretionary Grants	93.576	\$ 247,856
<u>Department of Homeland Security:</u>		
Direct program:		
Citizenship Education and Training	97.010	381,561
<u>Department of Justice:</u>		
Direct program:		
OVW Technical Assistance Initiative	16.526	108,520
Total Expenditures of Federal Awards		\$ 737,937

NOTE A – BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal grant activity of the CLINIC under programs of the federal government for the year ended December 31, 2011. The information in this Schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Because the Schedule presents only a selected portion of the operations of the CLINIC, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the CLINIC.

NOTE B –SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in OMB Circular A-122, *Cost Principles for Non-profit Organizations*, wherein certain types of expenditures are not allowable or are limited as to reimbursements.

CATHOLIC LEGAL IMMIGRATION NETWORK, INC.
SCHEDULE OF EXPENDITURES
OF FEDERAL AWARDS (Continued)
For the Year Ended December 31, 2011

NOTE C –SUBRECIPIENTS

Of the federal expenditures presented in the Schedule, the CLINIC provided federal awards to subrecipients as follows:

Program Name	CFDA Number	Amount Provided to Subrecipients
Refugee and Entrance Asistance_Discretionary Grants	93.576	\$ 224,937
Citizenship Education and Training	97.010	289,578



**REPORT ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

Board of Directors
Catholic Legal Immigration Network, Inc.
Washington, DC

We have audited the financial statements of the Catholic Legal Immigration Network, Inc. as of and for the year ended December 31, 2011, and have issued our report thereon dated June 4, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Catholic Legal Immigration Network, Inc.'s internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Catholic Legal Immigration Network, Inc.'s internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control over financial reporting.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

CATHOLIC LEGAL IMMIGRATION NETWORK, INC.
OMB CIRCULAR A-133 REPORTS
December 31, 2011

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Catholic Legal Immigration Network, Inc.'s financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of management, the Finance and Audit Committee, the Board of Directors, others within the entity, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Drolet + Associates, P.A.C.

Washington, DC
June 4, 2012



**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE
WITH REQUIREMENTS THAT COULD HAVE A DIRECT
AND MATERIAL EFFECT ON EACH MAJOR PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE
IN ACCORDANCE WITH OMB CIRCULAR A-133**

Board of Directors
Catholic Legal Immigration Network, Inc.
Washington, DC

Compliance

We have audited the Catholic Legal Immigration Network, Inc.'s compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the Catholic Legal Immigration Network, Inc.'s major federal programs for the year ended December 31, 2011. The Catholic Legal Immigration Network, Inc.'s major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the Catholic Legal Immigration Network, Inc.'s management. Our responsibility is to express an opinion on the Catholic Legal Immigration Network, Inc.'s compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Catholic Legal Immigration Network, Inc.'s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the Catholic Legal Immigration Network, Inc.'s compliance with those requirements.

In our opinion, the Catholic Legal Immigration Network, Inc. complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2011.

Internal Control Over Compliance

Management of the Catholic Legal Immigration Network, Inc. is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the Catholic Legal Immigration Network, Inc.'s internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal

CATHOLIC LEGAL IMMIGRATION NETWORK, INC.
OMB CIRCULAR A-133 REPORTS (Continued)
December 31, 2011

control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Catholic Legal Immigration Network, Inc.'s internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of management, the Finance and Audit Committee, the Board of Directors, others within the entity, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Washington, DC
June 4, 2012

Drolet & Associates, P.A.C.

**CATHOLIC LEGAL IMMIGRATION NETWORK, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended December 31, 2011**

Section I – Summary of Auditor’s Results

Financial Statements

Type of auditor’s report issued: Unqualified

Internal control over financial reporting:

Material weakness(es) identified? No

Significant deficiency(ies) identified that are not considered to be material weaknesses? None Reported

Noncompliance material to financial statements noted? No

Federal Awards

Internal control over major programs:

Material weakness(es) identified? No

Significant deficiency(ies) identified that are not considered to be material weaknesses? No

Type of auditor’s report issued on compliance for major programs:

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>	
97.010	Citizenship Education and Training	Unqualified

Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of Circular A-133? No

Identification of major programs:

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
97.010	Citizenship Education and Training

CATHOLIC LEGAL IMMIGRATION NETWORK, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued)
For the Year Ended December 31, 2010

Dollar threshold used to distinguish between Type A and Type B programs	\$300,000
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Auditee qualified as low-risk auditee?	No
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Section II – Findings - Financial Statement Audit

None

Section III – Findings and Questioned Costs – Major Federal Award Programs Audit

None