

**CATHOLIC LEGAL IMMIGRATION
NETWORK, INC.**

**AUDITED FINANCIAL STATEMENTS
For The Years Ended
December 31, 2013 and 2012**

CATHOLIC LEGAL IMMIGRATION NETWORK, INC.
AUDITED FINANCIAL STATEMENTS
For The Years Ended December 31, 2013 and 2012

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

Report of Independent Auditors'

We have audited the accompanying financial statements of Catholic Legal Immigration Network, Inc. (the CLINIC), which comprise the statements of financial position as of December 31, 2013, the related statements of activities, and cash flows for the periods then ended, and the related notes to the financial statements. The prior year comparative information has been derived from the financial statements of the CLINIC as of December 31, 2012, which was audited by other auditors whose report dated May 31, 2013 expressed an unqualified opinion on those 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 auditor's 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.

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Opinion

In our opinion, the financial statements referred to above, present fairly, in all material respects, the financial position of the CLINIC as of December 31, 2013, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the financial statements 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. 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 audits of the 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 financial statements as a whole.

A handwritten signature in black ink that reads "M. Quade Brunson LLP". The signature is written in a cursive, flowing style.

Washington, DC
May 23, 2014

CATHOLIC LEGAL IMMIGRATION NETWORK, INC.
STATEMENTS OF FINANCIAL POSITION
December 31, 2013

	2013	2012
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 1,547,552	\$ 1,565,973
Accounts receivable, net	42,065	28,066
Contributions receivable	62,674	436,145
Federal grants receivable	66,165	81,866
Prepaid expenses and other assets	122,282	54,559
Certificates of deposit	2,402,080	1,619,096
TOTAL CURRENT ASSETS	4,242,818	3,785,705
NON-CURRENT ASSETS		
Investments	1,549,393	1,602,381
Property & Equipment, net	408,235	13,114
TOTAL NON-CURRENT ASSETS	1,957,628	1,615,495
TOTAL ASSETS	6,200,446	5,401,200
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable	254,182	338,513
Accrued expenses	502,583	453,178
Deferred revenue	89,906	397,129
Deferred rent and lease incentives	39,700	16,380
TOTAL CURRENT LIABILITIES	886,371	1,205,200
NON-CURRENT LIABILITIES		
Deferred rent and lease incentive, net of current portion	357,164	-
TOTAL NON-CURRENT LIABILITIES	357,164	-
NET ASSETS		
Unrestricted	3,439,198	2,469,697
Unrestricted - Board designated	648,753	558,532
Total Unrestricted	4,087,951	3,028,229
Temporarily restricted	868,960	1,167,771
TOTAL NET ASSETS	4,956,911	4,196,000
TOTAL LIABILITIES AND NET ASSETS	\$ 6,200,446	\$ 5,401,200

The Accompanying Notes Are an Integral Part of These Financial Statements

CATHOLIC LEGAL IMMIGRATION NETWORK, INC.
STATEMENT OF ACTIVITIES
December 31, 2013
(With Summarized Financial Information for the Year Ended December 31, 2012)

			2013	2012
	Unrestricted	Temporarily Restricted	Total	Total
REVENUE AND SUPPORT				
United States Conference of Catholic Bishops support	\$ 2,212,214	\$ -	\$ 2,212,214	\$ 2,203,052
Professional services fees	12,994	-	12,994	20,491
Religious contract revenues	852,265	-	852,265	801,937
Federal awards	381,558	-	381,558	646,456
Other grants and contributions	414,777	1,405,000	1,819,777	866,483
Investment income, net	302,753	-	302,753	189,366
Training and seminars	1,345,741	-	1,345,741	2,710,933
Membership and other	378,593	-	378,593	316,030
Net assets released from restrictions	1,703,811	(1,703,811)	-	
TOTAL REVENUE AND SUPPORT	7,604,706	(298,811)	7,305,895	\$ 7,754,748
EXPENSES				
PROGRAM SERVICES				
Direct representation	4,047,779	-	4,047,779	3,981,713
Emergency population representation	9,673	-	9,673	-
Diocesan support	1,740,885	-	1,740,885	2,120,770
TOTAL PROGRAM SERVICES	5,798,337	-	5,798,337	6,102,483
SUPPORT SERVICES				
Management and general	492,338	-	492,338	685,969
Fundraising and development	254,309	-	254,309	370,546
TOTAL SUPPORT SERVICES	746,647	-	746,647	1,056,515
TOTAL EXPENSES	6,544,984	-	6,544,984	7,158,998
CHANGE IN NET ASSETS	1,059,722	(298,811)	760,911	595,750
NET ASSETS, BEGINNING OF YEAR	3,028,229	1,167,771	4,196,000	3,600,250
NET ASSETS, END OF YEAR	\$ 4,087,951	\$ 868,960	\$ 4,956,911	4,196,000

The Accompanying Notes Are an Integral Part of These Financial Statements

**CATHOLIC LEGAL IMMIGRATION NETWORK, INC.
STATEMENT OF CASH FLOWS**

<i>For the Year Ended December 31,</i>	2013	2012
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 760,911	\$ 595,750
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization expense	25,925	8,173
Realized/Unrealized (gain)Loss on investments	(302,753)	154,610
(Increase) decrease in:		
Accounts receivable	(13,999)	
Contributions receivable	373,471	316,698
Federal grants receivable	15,701	48,789
Prepaid expenses and other assets	(67,723)	126,402
Increase (decrease) in:		
Accounts payable	(84,331)	(287,745)
Accrued expenses	49,405	62,171
Deferred revenue	(307,223)	71,339
Deferred rent and lease incentives	380,484	(21,059)
NET CASH PROVIDED BY OPERATING ACTIVITIES	829,868	1,075,128
CASH FLOWS FROM FINANCING ACTIVITIES		
Purchases of certificates of deposit	(3,414,000)	(2,066,000)
Proceeds from the sales of certificates of deposit	2,631,016	1,898,929
Net (purchases) sales of investments	355,740	(256,303)
Purchases of fixed assets	(421,045)	(7,133)
NET CASH (USED IN) FINANCING ACTIVITIES	(848,289)	(430,507)
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(18,421)	644,621
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	1,565,973	921,352
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 1,547,552	\$ 1,565,973

The Accompanying Notes Are an Integral Part of These Financial Statements

CATHOLIC LEGAL IMMIGRATION NETWORK, INC.
NOTES TO FINANCIAL STATEMENTS (continued)
For The Years Ended December 31, 2013 and 2012

NOTE A – ORGANIZATION AND 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.

CLINIC is governed by a Board comprised primarily of bishops. The CLINIC is primarily funded by the USCCB and other grants and contributions.

The CLINIC operates within the 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 United States Citizenship and Immigration Services (USCIS), 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.

Basis of Presentation

Financial statement presentation follows Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") Financial Statements of *Not-for-Profit Organizations*. The CLINIC is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. The CLINIC had no permanently restricted net assets during the years ended December 31, 2013 and 2012. The financial statements have been prepared on the accrual basis of accounting.

Cash and Cash Equivalents

The CLINIC considers all highly liquid debt instruments purchased with an original maturity of less than three months and money markets funds to be cash equivalents.

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 in the amount of \$10,400 as of December 31, 2013 and 2012. 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)
For The Years Ended December 31, 2013 and 2012

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

**Contributions
Receivable**

Unconditional promises to give that have not been collected as of year-end are recorded as contributions receivable. Management believes that the unconditional promises to give are fully collectible, thus no allowance for uncollectible contributions receivable was deemed necessary.

**Federal Grants
Receivable**

Federal grants receivable are stated at the amount that management expects to collect from outstanding balances, for services provided under federal awards.

**Certificates of
Deposit**

The CLINIC certificates of deposit are purchased with an original maturity date of six to twelve months. Transfers are periodically made from the certificates of deposit for operational costs. Certificate of deposits are stated 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, 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. Investments are stated at fair value.

**Property and
Equipment**

Property and equipment are recorded at cost, net of accumulated depreciation. The 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 three to seven 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.

Federal Awards

The CLINIC receives federal awards. Revenue from federal awards are recognized on a cost reimbursement basis to the extent of allowable cost.

CATHOLIC LEGAL IMMIGRATION NETWORK, INC.
NOTES TO FINANCIAL STATEMENTS (continued)
For The Years Ended December 31, 2013 and 2012

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

**Revenue
Recognition**

Revenue from program services is recognized when the services have been performed. Membership revenue is recognized on a calendar year basis.

**Recognition of
Grants and
Contributions**

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 purpose. 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 Goods
And Services**

Donated goods are recorded at fair market value at the date of the donations. The CLINIC received donated software in the amount of \$10,356 for the year ended December 31, 2013. Donated services are recognized as contributions if the services (a) create or enhance nonfinancial assets or (b) required specialized skills, are performed by people with those skills, and would otherwise be purchased by the CLINIC. For the years ended December 31, 2013 and 2012 the CLINIC received donated legal services in the amount of \$26,014 and \$45,000, 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.

**Use of
Estimates**

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.

CATHOLIC LEGAL IMMIGRATION NETWORK, INC.
NOTES TO FINANCIAL STATEMENTS (continued)
For The Years Ended December 31, 2013 and 2012

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

**Deferred
Rent and Lease
Incentive**

The CLINIC records rent expense including incentives on a straight-line basis over the term of the lease. Deferred rent is recorded for the difference in the rent expense recognized on a straight-line basis.

Income Taxes

The CLINIC qualifies as an exempt organization under Section 501(c) (3) of the Internal Revenue Code. In addition, the CLINIC is classified as an entity that is not a private foundation under Section 509(a) (1).

The CLINIC has adopted the accounting of uncertainty in income taxes as required by the Income Taxes topic of the FASB ASC. This topic requires the CLINIC to determine whether a tax position is more likely than not to be sustained upon examination by the applicable taxing authority, including resolution of any related appeals or litigation processes, based on the technical merits of the position. The tax benefit to be recognized is measured as the largest amount of benefit that is more than fifty percent likely of being realized upon ultimate settlement which could result in the CLINIC recording a tax liability that would reduce the organization's net assets.

The CLINIC has analyzed its tax positions, and has concluded that no liability for unrecognized tax benefits should be recorded related to any uncertain tax positions taken on returns filed for open tax years (2011-2012), or expected to be taken in the CLINIC's 2013 tax return. The CLINIC is not aware of any tax positions for which it believes that there is a reasonable possibility that the total amounts of unrecognized tax benefits will change materially in the next twelve months.

**Comparative
Information**

The financial statements include certain prior year summarized comparative totals as of and for the year ended December 31, 2012. 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, 2012, from which the summarized information was derived.

Reclassifications

Certain amounts in the 2012 financial statements have been reclassified to conform to present year presentation. Such reclassification had no effect on the change in net assets.

NOTE B – CONCENTRATIONS

One donor contributed approximately 60% and 29% of other grants and contributions for the years ended December 31, 2013 and 2012, respectively. One nonprofit organization provided 76% and 90% of the training and seminars revenue for the years ended December 31, 2013 and 2012, respectively.

CATHOLIC LEGAL IMMIGRATION NETWORK, INC.
NOTES TO FINANCIAL STATEMENTS (continued)
For The Years Ended December 31, 2013 and 2012

NOTE B – CONCENTRATIONS (Continued)

The CLINIC maintains cash balances at several financial institutions. The CLINIC has certain bank accounts that may be insured by the Federal Deposit Insurance Corporation's (FDIC) insurance limit of \$250,000 and the Securities Investor Protection Corporation (SIPC) insurance limit of \$500,000. 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. As of December 31, 2013 and 2012, the CLINIC's bank balance exceeded the insured limits by approximately \$924,000 and \$970,000, respectively.

NOTE C – CONTINGENT LIABILITY

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 D – FAIR VALUE MEASUREMENT

In accordance with the Fair Value and Measurements topic of the FASB ASC, investments carried at fair value using quoted prices in active markets for identical assets. Realized and unrealized gains and losses are reflected in the statement of activities.

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. This guidance was applied prospectively and the adoption did not materially impact the CLINIC's financial position, results of activities, or cash flows.

The guidance on fair value measurement accounting requires that the CLINIC make assumptions market participants would use in pricing an asset or liability based on the best information available.

The 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.

CATHOLIC LEGAL IMMIGRATION NETWORK, INC.
NOTES TO FINANCIAL STATEMENTS (continued)
For The Years Ended December 31, 2013 and 2012

NOTE D – FAIR VALUE MEASUREMENT (Continued)

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.

The following table summarized the CLINIC’s certificates of deposit and investments measured at fair value on a recurring basis as of December 31, 2013:

	Level 1	Level 2	Level 3	Total
Certificates of deposit	\$ -	\$ 2,402,080	\$ -	\$ 2,402,080
Investments:				
USCCB State Street Index	-	627,977	-	627,977
USCCB Met West Mgt	-	215,932	-	215,932
USCCB SSGA Bond Index Fund	-	272,150	-	272,150
USCCB Inv Counselors MD	-	207,935	-	207,935
CLINIC CBIS Foreign Eq	-	225,399	-	225,399
Total investments	-	1,549,393	-	1,549,393
Total	\$ -	\$ 3,951,473	\$ -	\$ 3,951,473

CATHOLIC LEGAL IMMIGRATION NETWORK, INC.
NOTES TO FINANCIAL STATEMENTS (continued)
For The Years Ended December 31, 2013 and 2012

NOTE D – FAIR VALUE MEASUREMENT (Continued)

The following table summarized the CLINIC’s certificates of deposit and investments measured at fair value on a recurring basis as of December 31, 2012:

	Level 1	Level 2	Level 3	Total
Certificates of deposit	\$ -	\$ 1,619,096	\$ -	\$ 1,619,096
Investments:				
USCCB State Street Index	-	516,101	-	516,101
USCCB Met West Mgt	-	251,137	-	251,137
USCCB SSGA Bond Index Fund	-	280,895	-	280,895
USCCB Inv Counselors MD	-	370,238	-	370,238
CLINIC CBIS Foreign Eq	-	184,010	-	184,010
Total investments	-	1,602,381	-	1,602,381
Total	\$ -	\$ 3,221,477	\$ -	\$ 3,221,477

NOTE E – INVESTMENTS

Investments at December 31, 2013 and 2012 consisted of the following pooled investments funds:

Description	2013	2012
USCCB State Street Index	\$ 627,977	\$ 516,101
USCCB Met West Mgt	215,932	251,137
USCCB SSGA Bond Index Fund	272,150	280,895
USCCB Inv Counselors MD	207,935	370,238
CLINIC CBIS Foreign Eq	225,399	184,010
Total investments	\$ 1,549,393	\$ 1,602,381

CATHOLIC LEGAL IMMIGRATION NETWORK, INC.
NOTES TO FINANCIAL STATEMENTS (continued)
For The Years Ended December 31, 2013 and 2012

NOTE E – INVESTMENTS (Continued)

The following table summarizes the net investment income for the years ended December 31, 2013 and 2012:

Description	2013	2012
Interest/Dividend Income	\$ 33,660	\$ 34,756
Realized/Unrealized gain on investments	269,093	154,610
Net investment income	\$ 302,753	\$ 189,366

NOTE F – PROPERTY AND EQUIPMENT

At the Year Ended December 31, 2013 and 2012, property and equipment consisted of the following:

Description	2013	2012
Furniture and equipment	\$ 150,033	\$ 70,622
Leasehold improvements	341,634	35,515
Total Property and Equipment	491,667	106,137
Accumulated depreciation and amortization	(83,432)	(93,023)
Property and Equipment, net	\$ 408,235	\$ 13,114

Depreciation and amortization expense for the years ended December 31, 2013 and 2012 totaled \$25,925 and \$8,173, respectively.

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 received a 200% match up to \$3,000.

CATHOLIC LEGAL IMMIGRATION NETWORK, INC.
NOTES TO FINANCIAL STATEMENTS (continued)
For The Years Ended December 31, 2013 and 2012

NOTE G – EMPLOYEE BENEFIT PLANS (Continued)

Annual plan expense for the years ended December 31, 2013 and 2012 was approximately \$83,391 and \$66,181, 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 USCCB. 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, 2013 and 2012 was \$154,778 and \$251,240, respectively. Information regarding the assets and actuarial liabilities of the Plan is not available at the individual employer level. The Plan was frozen at December 31, 2013. The financial impact to the CLINIC has not been determined.

NOTE H – BOARD DESIGNATED NET ASSETS

Board designated net assets were available for the following purposes at December 31, 2013 and 2012:

Description	2013	2012
Endowment	\$ 641,606	\$ 551,570
Lily Gutierrez Fund	7,147	6,962
Total	\$ 648,753	\$ 558,532

NOTE I – TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets consisted of the following at the year ended December 31, 2013 and 2012 respectively.

Description	2013	2012
Naturalization, legal representation, and advocacy	\$ 258,960	\$ 337,721
Legal research and program implementation	25,000	156,419
Immigration law training and manuals	85,000	48,631
Donor restricted for emergency situations	500,000	500,000
Restriction for subsequent period	-	125,000
Total	\$ 868,960	\$ 1,167,771

CATHOLIC LEGAL IMMIGRATION NETWORK, INC.
NOTES TO FINANCIAL STATEMENTS (continued)
For The Years Ended December 31, 2013 and 2012

NOTE I – TEMPORARILY RESTRICTED NET ASSETS (Continued)

Net Assets were released from donor restrictions during the years ended December 31, 2013 and 2012 as follows:

Description	2013	2012
Naturalization, legal representation, and advocacy	\$ 1,373,761	\$ 52,624
Legal research and program implementation	156,419	149,698
Immigration law training and manuals	48,631	8,000
Timing releases	125,000	-
Total	\$ 1,703,811	\$ 210,322

NOTE J – OPERATING LEASES

The CLINIC leases office space and copier equipment for the national office and a regional office under various lease agreements. The office leases include option to renew for an additional five year lease term. In the normal course of business, operating leases are generally renewed or replaced by other leases. Rent expense was approximately \$285,000 and \$266,989 for the years ended December 31, 2013 and 2012, respectively.

The future minimum lease payments under operating leases that have remaining terms in excess of one year as of December 31, 2013 are as follows:

For the Years Ending December 31,	Amount
2014	\$ 339,622
2015	339,622
2016	339,622
2017	339,622
2018	319,159
Thereafter	1,395,820
Total future minimum lease payments	\$ 3,073,467

CATHOLIC LEGAL IMMIGRATION NETWORK, INC.
NOTES TO FINANCIAL STATEMENTS (continued)
For The Years Ended December 31, 2013 and 2012

NOTE K – 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.

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 the appreciation of its investments. Interest and dividends are expended by the CLINIC for operations.

The CLINIC had the following changes in the endowment net assets during the year ended December 31, 2013:

	2013	2012
Endowment net assets, beginning of year	\$ 551,570	\$ 500,688
Investment return:		
Interest and dividends	8,181	9,003
Net realized gains	90,036	50,882
Total investment return	98,217	59,885
Less: Appropriated for expenditures	(8,181)	(9,003)
Endowment net assets, end of year	\$ 641,606	\$ 551,570

CATHOLIC LEGAL IMMIGRATION NETWORK, INC.
NOTES TO FINANCIAL STATEMENTS (continued)
For The Years Ended December 31, 2013 and 2012

NOTE L – SUBSEQUENT EVENTS

As required by the Subsequent Events topic of the FASB ASC, the CLINIC has evaluated the impact on its financial statements and disclosures of certain transactions occurring subsequent to its year end through the date of the auditors' report which is the date the organization's financial statements are available to be issued. Management has determined that there are no subsequent events that require disclosure pursuant to subsequent events topic.

CATHOLIC LEGAL IMMIGRATION NETWORK, INC.
SUPPLEMENTAL SCHEDULE OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2013
(With Summarized Financial Information for the Year Ended December 31, 2012)

	Direct Representation	Emergency Population Represent	Diocesan Support	Fundraising and Development	Management and General	2013 Total	2012 Total
Staff Compensation	\$ 1,416,573	\$ -	\$ 731,566	\$ 153,065	\$ 327,222	\$ 2,628,426	\$ 2,732,157
Fringe Benefits	408,782	-	231,193	26,627	90,199	756,801	903,953
Travel Expenses	152,685	9,673	72,271	5,450	18,560	258,639	131,427
Convening	3,019	-	233,047	-	164	236,230	123,946
Bank charges and credit card fees	(5)	-	848	55	5,822	6,720	7,781
Office Supplies	21,758	-	16,873	3,421	18,071	60,123	37,510
Equipment rental and maintenance	13,805	-	24,370	5,320	10,869	54,364	66,277
Staff development	2,637	-	7,422	322	2,833	13,214	26,890
Occupancy	106,300	-	97,423	28,023	53,312	285,058	266,989
Professional services, temporary staff, and consultants	173,861	-	99,453	8,100	91,700	373,114	401,827
Building Maintenance and Other	988	-	3,570	108	196	4,862	360
Training and Program Materials	1,722	-	29,289	9	17	31,037	57,608
Program management	1,458,850	-	61,250	-	-	1,520,100	2,149,279
Subs, Books & Reference Materials	597	-	4,379	1,238	3,681	9,895	12,452
Program Development and Marketing	86,801	-	20,112	9,830	84	116,827	80,798
Licenses/Practice Related Fees	5,699	-	8,553	1,000	876	16,128	12,328
Reports and State Filing Fees	-	-	-	675	325	1,000	240
Communication Charges	14,130	-	39,707	3,458	6,919	64,214	60,330
Insurance Charges	12,214	-	16,874	2,558	3,066	34,712	31,236
Postage, Shipping and Freight	19,825	-	4,416	661	2,292	27,194	24,076
Printing and Duplication Charges	6,113	-	3,339	1,017	9,804	20,273	23,158
Miscellaneous	2	-	127	-	-	129	203
Depreciation and Amortization	6,745	-	12,203	3,372	3,604	25,924	8,173
Indirect Costs	134,678	-	22,600	(157,278)	-	-	-
TOTAL EXPENSES	\$ 4,047,779	\$ 9,673	\$ 1,740,885	\$ 254,309	\$ 492,338	\$ 6,544,984	\$ 7,158,998

The Accompanying Notes Are an Integral Part of These Financial Statements