FINANCIAL STATEMENTS

CATHOLIC LEGAL IMMIGRATION NETWORK, INC.

FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

CATHOLIC LEGAL IMMIGRATION NETWORK, INC.

CONTENTS

INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statements of the Catholic Legal Immigration Network, Inc. (CLINIC), which comprise the statements of financial position as of December 31, 2020 and 2019, and the related statements of activities and changes in net assets, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits 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.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of CLINIC as of December 31, 2020 and 2019, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Gelman Rosenberg & Freedman

April 22, 2021

CATHOLIC LEGAL IMMIGRATION NETWORK, INC.

STATEMENTS OF FINANCIAL POSITION
AS OF DECEMBER 31, 2020 AND 2019

ASSETS

	2020	2019
CURRENT ASSETS		
Cash and cash equivalents	$ 2,457,671	$ 1,577,711
Investments	14,170,045	12,856,533
Accounts receivable	348,436	338,907
Contributions receivable	60,654	515,973
Federal grants receivable	-	18,875
Prepaid expenses	188,646	144,212
Total current assets	17,225,452	15,452,211
PROPERTY AND EQUIPMENT		
Property and equipment, net	149,257	206,996
TOTAL ASSETS	**$ 17,374,709**	**$ 15,659,207**

LIABILITIES AND NET ASSETS

	2020	2019
CURRENT LIABILITIES		
Current portion of loan payable	$ 764,929	$ -
Accounts payable and accrued liabilities	1,029,373	986,136
Deferred revenue	122,307	193,517
Current portion of deferred rent	34,815	21,763
Total current liabilities	1,951,424	1,201,416
NONCURRENT LIABILITIES		
Loan payable, net of current portion	313,771	-
Deferred rent, net of current portion	64,233	115,333
Total noncurrent liabilities	378,004	115,333
Total liabilities	2,329,428	1,316,749
NET ASSETS		
Without donor restrictions	12,101,633	11,489,761
Board designated	1,565,487	1,141,917
Total net assets without donor restrictions	13,667,120	12,631,678
With donor restrictions	1,378,161	1,710,780
Total net assets	15,045,281	14,342,458
TOTAL LIABILITIES AND NET ASSETS	**$ 17,374,709**	**$ 15,659,207**

CATHOLIC LEGAL IMMIGRATION NETWORK, INC.

STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

	2020		
	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND REVENUE			
Grants and contributions	$ 1,873,024	$ 1,897,840	$ 3,770,864
United States Conference of Catholic Bishops (USCCB) Support	2,276,334	-	2,276,334
Religious contracts	1,088,800	-	1,088,800
Professional service fees	728,853	-	728,853
Training and seminars	600,531	-	600,531
Federal and state awards	170,056	-	170,056
Membership and other	404,300	-	404,300
Investment income, net	1,384,227	-	1,384,227
In-kind contributions	10,819,919	-	10,819,919
Net assets released from donor restrictions	2,230,459	(2,230,459)	-
Total support and revenue	21,576,503	(332,619)	21,243,884
EXPENSES			
Program Services:			
Education and Network Growth	5,699,565	-	5,699,565
Direct Representation and Litigation	12,077,318	-	12,077,318
Advocacy and Community Engagement	954,396	-	954,396
Total program services	18,731,279	-	18,731,279
Supporting Services:			
Management and General	1,486,959	-	1,486,959
Fundraising and Development	322,823	-	322,823
Total supporting services	1,809,782	-	1,809,782
Total expenses	20,541,061	-	20,541,061
Changes in net assets	1,035,442	(332,619)	702,823
Net assets at beginning of year	12,631,678	1,710,780	14,342,458
NET ASSETS AT END OF YEAR	**$ 13,667,120**	**$ 1,378,161**	**$ 15,045,281**

2019		
Without Donor Restrictions	With Donor Restrictions	Total
$ 2,661,573	$ 1,248,100	$ 3,909,673
1,946,587	-	1,946,587
1,222,234	-	1,222,234
1,050,748	-	1,050,748
761,862	-	761,862
335,965	-	335,965
406,350	-	406,350
1,440,264	-	1,440,264
320,570	-	320,570
1,248,320	(1,248,320)	-
11,394,473	(220)	11,394,253
5,230,163	-	5,230,163
1,670,851	-	1,670,851
1,177,259	-	1,177,259
8,078,273	-	8,078,273
1,253,335	-	1,253,335
321,342	-	321,342
1,574,677	-	1,574,677
9,652,950	-	9,652,950
1,741,523	(220)	1,741,303
10,890,155	1,711,000	12,601,155
$ 12,631,678	**$ 1,710,780**	**$ 14,342,458**

CATHOLIC LEGAL IMMIGRATION NETWORK, INC.

STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2020

	Program Services				Supporting Services			
	Education and Network Growth	Direct Representation and Litigation	Advocacy and Community Engagement	Total Program Services	Management and General	Fundraising and Development	Total Supporting Services	Total Expenses
Salaries	$ 2,380,343	$ 864,136	$ 566,830	$ 3,811,309	$ 881,561	$ 201,564	$ 1,083,125	$ 4,894,434
Payroll taxes	180,230	63,927	43,477	287,634	67,716	14,811	82,527	370,161
Employee benefits	471,802	151,327	79,575	702,704	181,858	31,829	213,687	916,391
Total personnel cost	3,032,375	1,079,390	689,882	4,801,647	1,131,135	248,204	1,379,339	6,180,986
Audit and accounting	-	-	-	-	33,304	-	33,304	33,304
Bank charges and credit card fees	25	47	-	72	815	25	840	912
Building maintenance and other	1,101	444	492	2,037	492	169	661	2,698
Communication	39,940	7,691	9,143	56,774	5,479	1,709	7,188	63,962
Convening	3,901	703	1,407	6,011	1,003	703	1,706	7,717
Depreciation and amortization	12,831	6,415	15,450	34,696	16,628	6,415	23,043	57,739
Equipment rental and maintenance	35,922	22,152	10,344	68,418	15,691	6,636	22,327	90,745
Insurance	18,826	6,745	2,713	28,284	879	600	1,479	29,763
Licenses/practice related fees	16,831	7,819	1,146	25,796	1,165	2,709	3,874	29,670
Occupancy	131,463	81,936	53,475	266,874	63,846	23,923	87,769	354,643
Office supplies	13,530	4,799	2,703	21,032	4,143	2,913	7,056	28,088
Postage, shipping and freight	9,114	14,415	515	24,044	2,081	999	3,080	27,124
Printing and duplication	2,380	4,169	1,341	7,890	1,284	1,459	2,743	10,633
Professional services, temporary staff, and consultants	443,500	10,837,106	150,689	11,431,295	168,483	17,041	185,524	11,616,819
Program development and marketing	1,011	5	1,017	2,033	3	1	4	2,037
Reports and state filing fees	459	19	-	478	93	6,153	6,246	6,724
Staff development	15,528	1,232	573	17,333	36,629	1,166	37,795	55,128
Sub grants	1,846,945	-	-	1,846,945	-	-	-	1,846,945
Subscriptions, books and reference materials	23,904	1,432	11,909	37,245	297	1,667	1,964	39,209
Training and program materials	14,279	-	-	14,279	-	-	-	14,279
Travel	35,700	799	1,597	38,096	1,514	331	1,845	39,941
Miscellaneous	-	-	-	-	1,995	-	1,995	1,995
TOTAL	**$ 5,699,565**	**$ 12,077,318**	**$ 954,396**	**$ 18,731,279**	**$ 1,486,959**	**$ 322,823**	**$ 1,809,782**	**$ 20,541,061**

See accompanying notes to financial statements.

CATHOLIC LEGAL IMMIGRATION NETWORK, INC.

STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2019

	Program Services				Supporting Services			
	Education and Network Growth	Direct Representation and Litigation	Advocacy and Community Engagement	Total Program Services	Management and General	Fundraising and Development	Total Supporting Services	Total Expenses
Salaries	$ 2,195,431	$ 886,945	$ 694,137	$ 3,776,513	$ 685,164	$ 139,769	$ 824,933	$ 4,601,446
Payroll taxes	167,951	67,851	53,102	288,904	53,508	10,692	64,200	353,104
Employee benefits	347,391	165,311	97,077	609,779	166,900	21,169	188,069	797,848
Total personnel cost	2,710,773	1,120,107	844,316	4,675,196	905,572	171,630	1,077,202	5,752,398
Audit and accounting	-	-	-	-	17,500	-	17,500	17,500
Bad debt	3,064	178	1,864	5,106	1,001	986	1,987	7,093
Bank charges and credit card fees	-	-	-	-	4,921	15	4,936	4,936
Building maintenance and other	1,695	1,660	637	3,992	736	118	854	4,846
Communication	41,741	5,466	8,874	56,081	5,169	965	6,134	62,215
Convening	98,573	20,582	43,926	163,081	20,611	21,306	41,917	204,998
Depreciation and amortization	18,012	9,006	18,012	45,030	18,012	9,006	27,018	72,048
Equipment rental and maintenance	33,859	11,229	10,692	55,780	6,462	3,593	10,055	65,835
Insurance	30,332	7,031	6,429	43,792	3,575	1,342	4,917	48,709
Licenses/practice related fees	16,444	6,765	1,789	24,998	1,341	3,559	4,900	29,898
Occupancy	90,924	79,867	64,784	235,575	84,304	22,949	107,253	342,828
Office supplies	12,603	23,986	4,013	40,602	6,103	3,592	9,695	50,297
Postage, shipping and freight	12,711	20,642	355	33,708	2,002	2,036	4,038	37,746
Printing and duplication	4,660	6,540	1,525	12,725	5,052	910	5,962	18,687
Professional services, temporary staff, and consultants	212,385	334,475	134,642	681,502	140,226	65,074	205,300	886,802
Program development and marketing	40,409	1,457	3,187	45,053	119	324	443	45,496
Reports and state filing fees	300	36	-	336	459	2,872	3,331	3,667
Staff development	26,016	9,722	4,945	40,683	24,954	6,390	31,344	72,027
Sub grants	1,630,885	-	-	1,630,885	-	-	-	1,630,885
Subscriptions, books and reference materials	32,068	1,746	17,223	51,037	605	773	1,378	52,415
Training and program materials	61,286	-	-	61,286	-	-	-	61,286
Travel	151,423	10,356	10,046	171,825	4,611	3,902	8,513	180,338
TOTAL	**$ 5,230,163**	**$ 1,670,851**	**$ 1,177,259**	**$ 8,078,273**	**$ 1,253,335**	**$ 321,342**	**$ 1,574,677**	**$ 9,652,950**

See accompanying notes to financial statements.

CATHOLIC LEGAL IMMIGRATION NETWORK, INC.

STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Changes in net assets	$ 702,823	$ 1,741,303
Adjustments to reconcile changes in net assets to net cash (used) provided by operating activities:		
Depreciation and amortization	57,739	72,048
Net appreciation in fair value of investments	(1,250,198)	(1,278,336)
Loss on disposal of property and equipment	-	534
(Increase) decrease in:		
Accounts receivable	(9,529)	189,821
Contributions receivable	455,319	558,205
Federal grants receivable	18,875	24,269
Prepaid expenses	(44,434)	(17,774)
Increase (decrease) in:		
Accounts payable and accrued liabilities	43,237	(150,341)
Deferred revenue	(71,210)	80,097
Deferred rent	(38,048)	(38,048)
Net cash (used) provided by operating activities	(135,426)	1,181,778
CASH FLOWS FROM INVESTING ACTIVITIES		
Net purchases of investments	(239,000)	(287,340)
Proceeds from sale of investments	175,686	208,260
Net cash used by investing activities	(63,314)	(79,080)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from loan payable	1,078,700	-
Net cash provided by financing activities	1,078,700	-
Net increase in cash and cash equivalents	879,960	1,102,698
Cash and cash equivalents at beginning of year	1,577,711	475,013
CASH AND CASH EQUIVALENTS AT END OF YEAR	**$ 2,457,671**	**$ 1,577,711**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION

Organization -

The Catholic Legal Immigration Network, Inc. (CLINIC) is a public interest legal organization incorporated on August 18, 1988 in the District of Columbia. CLINIC serves low income immigrants through support to a national network of catholic and community-based legal immigration programs, and administration of national projects. In addition, CLINIC provides representation in the area of religious immigration law.

CLINIC is governed by a Board comprised primarily of bishops. CLINIC is funded by the United States Conference of Catholic Bishops (USCCB) and other grants and contributions.

CLINIC operates three major programs, Education and Network Growth, Direct Representation and Litigation, and Advocacy and Community Engagement.

Education and Network Growth: This program was established to guide nonprofit organization leaders to begin or expand charitable immigration legal services, equip nonprofit immigration legal representatives with training on immigration law and program management skills, and manage projects serving vulnerable immigrants delivered by local nonprofit organizations benefiting from CLINIC's structure, oversight and commitment to Catholic Social Teaching.

Direct Representation and Litigation: This program consists of legal services provided to clients before the United States Citizenship and Immigration Services, Immigration Court, the Board of Immigration Appeals, and in Federal court.

Advocacy and Community Engagement: This program educates the public on immigration issues, engages government on immigration, individual and policy related matters, and promote positive resolutions.

Basis of presentation -

The accompanying financial statements are presented on the accrual basis of accounting, and in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) 2016-14, *Presentation of Financial Statements of Not-for-Profit Entitie*s. As such, net assets are reported within two net asset classifications: without donor restrictions and with donor restrictions. Descriptions of the two net asset categories are as follows:

- **Net Assets Without Donor Restrictions** - Net assets available for use in general operations and not subject to donor restrictions are recorded as "net assets without donor restrictions". Assets restricted solely through the actions of the Board are referred to as Board designated and are also reported as net assets without donor restrictions.

- **Net Assets With Donor Restrictions -** Contributions restricted by donors are reported as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in "net assets with donor restrictions", depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the Statements of Activities and Changes in Net Assets as net assets released from donor restrictions. Gifts of long-lived assets and gifts of cash restricted for the acquisition of long-lived assets are recognized as revenue without donor restrictions when the assets are placed in service.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION (Continued)

Cash and cash equivalents -

CLINIC considers all cash and other highly liquid investments with initial maturities of three months or less to be cash equivalents, excluding money market funds held by investment managers in the amounts of $3,925,884 and $661,892 as of December 31, 2020 and 2019, respectively.

Bank deposit accounts are insured by the Federal Deposit Insurance Corporation ("FDIC") up to a limit of $250,000. At times during the year, CLINIC maintains cash balances in excess of the FDIC insurance limits. Management believes the risk in these situations to be minimal.

Investments -

Investments are recorded at their readily determinable fair value. Interest, dividends, realized and unrealized gains and losses are included in investment income, which is presented net of investment expenses paid to external investment advisors in the accompanying Statements of Activities and Changes in Net Assets.

Investments consist of money market funds, certificates of deposit with an initial maturity of greater than three months and mutual funds owned through a master trust investment agreement (pooled investments). Purchases and sales through the master trust investment agreement are shown net in the accompanying Statements of Cash Flows. The pooled investments are managed by independent investment managers and securities are held in safekeeping by a bank custodian. The investment portfolios and income are separately reported by the custodian bank and amounts owned by USCCB are not reported in these financial statements.

Accounts receivable -

Accounts receivable are recorded at their net realizable value, which approximates fair value. Management considers all amounts to be fully collectible. Accordingly, an allowance for doubtful accounts has not been established.

Contributions and Federal grants receivable -

Contributions and Federal grants receivable are recorded at their net realizable value, which approximates fair value. Unconditional contributions that have not been collected as of year-end are recorded as contributions receivable. Federal grants receivable are stated at the amount that management expects to collect from outstanding balances for services provided under Federal awards. Management believes that the unconditional promises to give and Federal grants receivable are fully collectible. Accordingly, an allowance for doubtful accounts has not been established.

Property and equipment -

Property and equipment in excess of $5,000 are capitalized and stated at cost. Property and equipment are depreciated on a straight-line basis over the estimated useful lives of the related assets, generally five to ten years. Leasehold improvements are amortized over the shorter of the remaining life of the lease or useful life of the asset. The cost of maintenance and repairs is recorded as expenses are incurred.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION (Continued)

Property and equipment (continued) -

Depreciation and amortization expense for the years ended December 31, 2020 and 2019 totaled $57,739 and $72,048, respectively.

Income taxes -

CLINIC is exempt from Federal income taxes under Section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision for income taxes has been made in the accompanying financial statements. CLINIC is not a private foundation.

Uncertain tax positions -

For the years ended December 31, 2020 and 2019, CLINIC has documented its consideration of FASB ASC 740-10, *Income Taxes*, that provides guidance for reporting uncertainty in income taxes and has determined that no material uncertain tax positions qualify for either recognition or disclosure in the financial statements.

Revenue -

CLINIC receives contributions as well as contracts and grants with the U.S. and state governments, the United States Conference of Catholic Bishops (USCCB) and other organizations. Contributions and grants are recognized in the appropriate category of net assets in the period received. CLINIC performs an analysis of the individual contribution, grant and contract to determine if the revenue streams follow the contributions rules or if considered an exchange transaction depending on whether the transaction is reciprocal or nonreciprocal under ASU 2018-08, Not-for-Profit Entities (Topic 958): *Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made*.

For contributions and grants qualifying under the contributions rules, revenue is recognized upon notification of the award and satisfaction of all conditions, if applicable.

Conditional promises to give are not recognized until the condition on which they depend are substantially met. Contributions and grants qualifying as contributions that are unconditional that have donor restrictions are recognized as "without donor restrictions" only to the extent of actual expenses incurred in compliance with the donor-imposed restrictions and satisfaction of time restrictions; such funds in excess of expenses incurred are shown as net assets with donor restrictions in the accompanying financial statements.

Grant agreements qualifying as conditional contributions contain a right of return and a barrier. Revenue is recognized when the condition or conditions are satisfied. Most grants and contract awards from the United States Government and other entities are for direct and indirect program costs. These transactions are nonreciprocal and classified as conditional and are recognized as contributions when the revenue becomes unconditional. Typically, these agreements also contain a right of return or right of release from obligation provision and the entity has limited discretion over how funds transferred should be spent. As such, CLINIC recognizes revenue for these conditional contributions when the related barrier has been overcome (generally, when qualifying expenditures are incurred). Funds received in advance of the incurrence of qualifying expenditures are recorded as refundable advances.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION (Continued)

Revenue (continued) -

For contributions and grants and contracts treated as conditional contributions, CLINIC had approximately $39,264 and $117,792, respectively, in unrecognized conditional awards as of December 31, 2020 and 2019.

Grants and contracts classified as exchange transactions follow ASU 2014-09, *Revenue from Contracts With Customers* and record revenue when the performance obligations are met. The revenue is recorded directly to without donor restrictions and the transaction price is based on expenses incurred in compliance with the criteria stipulated in the grant or contract agreements.

Federal grants receivable represents amounts due from funding organizations for reimbursable expenses incurred in accordance with the grant agreements. Funding received in advance of incurring the related expenses is recorded as deferred revenue.

Membership dues includes general member benefits that are a series of distinct obligations. The revenue is recognized ratably over the membership period. There are several benefits received that are individual distinct obligations; however, they are immaterial in nature to the contract and thus are included with the general member benefits.

Trainings and seminars revenue is recorded as revenue when the performance obligation is met which is when the related training/seminar has occurred. Professional service fees revenue is recorded as revenue when the performance obligation is met which is when the related service has been provided. The transaction price is determined based on cost and/or sales price.

Revenue received in advance for membership, trainings, seminars, and professional service fees are recorded as deferred revenue within the Statements of Financial Position. Deferred revenue consisted of the following as of December 31, 2020 and 2019:

	2020	2019
Professional service fees	$ 46,932	$ 98,858
Trainings and seminars	74,375	90,659
Membership	1,000	4,000
TOTAL DEFERRED REVENUE	**$ 122,307**	**$ 193,517**

In-kind contributions -

In-kind contributions consist of donated legal services and advertising services. In-kind contributions are recorded at their fair value as of the date of the donation.

Use of estimates -

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION (Continued)

Functional allocation of expenses -

The costs of providing the various programs and other activities have been summarized on a functional basis in the Statements of Activities and Changes in Net Assets. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Expenses are allocated on a reasonable basis that is consistently applied. Allocated expenses include depreciation and amortization, salaries and benefits, and other general organization costs which are allocated on the basis of time worked, and rent and building maintenance expenses which are allocated on the basis of square footage of space occupied by each employee based on the program or general department to which the employee is assigned.

Risks and uncertainties -

CLINIC invests in various investment securities. Investment securities are exposed to various risks such as interest rates, market and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the accompanying financial statements.

Fair value measurement -

CLINIC adopted the provisions of FASB ASC 820, *Fair Value Measurement*. FASB ASC 820 defines fair value, establishes a framework for measuring fair value, establishes a fair value hierarchy based on the quality of inputs (assumptions that market participants would use in pricing assets and liabilities, including assumptions about risk) used to measure fair value, and enhances disclosure requirements for fair value measurements. CLINIC accounts for a significant portion of its financial instruments at fair value or considers fair value in their measurement.

Economic uncertainties -

On March 11, 2020, the World Health Organization declared the Coronavirus disease (COVID-19) a global pandemic. As a result of the spread of COVID-19, economic uncertainties have arisen which may negatively impact CLINIC's operations. The overall potential impact is unknown at this time.

Reclassification -

Certain amounts in the prior year's financial statements have been reclassified to conform to the current year's presentation.

New accounting pronouncement (not yet adopted) -

FASB issued ASU 2019-01, *Leases* (Topic 842). The ASU changes the accounting treatment for operating leases by recognizing a lease asset and lease liability at the present value of the lease payments in the Statements of Financial Position and disclosing key information about leasing arrangements. During 2020, the FASB issued ASU 2020-05 and delayed the implementation date by one year. The ASU is effective for non public entities beginning after December 15, 2021. Early adoption is still permitted. The ASU can be applied at the beginning of the earliest period presented using a modified retrospective approach or applied at the beginning of the period of adoption recognizing a cumulative-effect adjustment.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION (Continued)

New accounting pronouncement (not yet adopted) (continued) -

CLINIC plans to adopt the new ASU at the required implementation date and management is currently in the process of evaluating the adoption method and the impact of the new standard on its accompanying financial statements.

2. INVESTMENTS

In accordance with FASB ASC 820, *Fair Value Measurement*, CLINIC has categorized its financial instruments, based on the priority of the inputs to the valuation technique, into a three-level fair value hierarchy. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). If the inputs used to measure the financial instruments fall within different levels of hierarchy, the categorization is based on the lowest level input that is significant to the fair value measurement of the instrument. Investments recorded in the Statements of Financial Position are categorized based on the inputs to valuation techniques as follows:

Level 1. These are investments where values are based on unadjusted quoted prices for identical assets in an active market CLINIC has the ability to access.

Level 2. These are investments where values are based on quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active, or model-based valuation techniques that utilize inputs that are observable either directly or indirectly for substantially the full-term of the investments.

Level 3. These are investments where inputs to the valuation methodology are unobservable and significant to the fair value measurement.

Following is a description of the valuation methodology used for investments measured at fair value. There were no transfers between levels in the fair value hierarchy during the years ended December 31, 2020 and 2019. Transfers between levels are recorded at the end of the reporting period, if applicable.

- *Money market funds* - The money market fund is an open-end fund that is registered with the Securities and Exchange Commission (SEC) and is deemed to be actively traded.
- *Mutual funds* - Valued at the daily closing price as reported by the fund. Mutual funds held by CLINIC are open-end mutual funds that are registered with the SEC. These funds are required to publish their daily value and to transact at that price. Mutual funds held by CLINIC are deemed to be actively traded.
- *Certificates of deposit* - Generally valued at original cost plus accrued interest, which approximates fair value.
- *Pooled investments* - Funds invested with third party investment managers through a master trust investment arrangement. The underlying securities of these pooled investment funds classified as level 1 in the fair value hierarchy are valued based on quoted market prices. Those pooled investment funds classified as level 2 in the fair market value hierarchy hold underlying investments including other pooled investment accounts and common trust funds are valued based on CLINIC's pro-rata share of the fund.

2. INVESTMENTS (Continued)

The table below summarizes, the investments measured at fair value on a recurring basis, by level within the fair value hierarchy at December 31, 2020.

	Level 1	Level 2	Level 3	Total
Asset Class:				
Money market funds	$ 3,925,884	$ -	$ -	$ 3,925,884
Mutual funds	7,277	-	-	7,277
Certificates of deposit	-	1,149,485	-	1,149,485
Pooled investment funds:				
USCCB State Street Index	2,496,021	-	-	2,496,021
USCCB Met West Mgt	1,525,096	-	-	1,525,096
USCCB SSGA Bond Index Fund	-	1,600,588	-	1,600,588
USCCB Champlain Inv. Partners	-	1,820,445	-	1,820,445
CLINIC CBIS Foreign Equity	1,645,249	-	-	1,645,249
TOTAL	**$ 9,599,527**	**$ 4,570,518**	**$ -**	**$ 14,170,045**

The table below summarizes, the investments measured at fair value on a recurring basis, by level within the fair value hierarchy at December 31, 2019:

	Level 1	Level 2	Level 3	Total
Asset Class:				
Money market funds	$ 661,892	$ -	$ -	$ 661,892
Mutual funds	9,893	-	-	9,893
Certificates of deposit	-	4,354,359	-	4,354,359
Pooled investment funds:				
USCCB State Street Index	2,133,368	-	-	2,133,368
USCCB Met West Mgt	1,428,762	-	-	1,428,762
USCCB SSGA Bond Index Fund	-	1,482,304	-	1,482,304
USCCB Champlain Inv. Partners	-	1,417,141	-	1,417,141
CLINIC CBIS Foreign Equity	1,368,814	-	-	1,368,814
TOTAL	**$ 5,602,729**	**$ 7,253,804**	**$ -**	**$ 12,856,533**

Included in investment income are the following:

	2020	2019
Interest and dividends	$ 155,133	$ 177,543
Net appreciation in fair value	1,250,198	1,278,336
Investment expenses provided by external investment advisors	(21,104)	(15,615)
TOTAL INVESTMENT INCOME, NET OF INVESTMENT EXPENSES	**$ 1,384,227**	**$ 1,440,264**

3. PROPERTY AND EQUIPMENT

Property and equipment consisted of the following at December 31, 2020 and 2019:

	2020	2019
Furniture and equipment	$ 343,586	$ 343,586
Leasehold improvements	352,301	352,301
Total property and equipment	695,887	695,887
Less: Accumulated depreciation and amortization	(546,630)	(488,891)
NET PROPERTY AND EQUIPMENT	**$ 149,257**	**$ 206,996**

4. LOAN PAYABLE

On April 18, 2020, CLINIC received loan proceeds in the amount of $1,078,700 under the Paycheck Protection Program. The promissory note calls for monthly principal and interest payments amortized over the term of the promissory note with a deferral of payments for the first six months. Under the Coronavirus Aid, Relief, and Economic Security Act (CARES Act), the promissory note may be forgiven by the Small Business Administration in whole or in part. CLINIC intends to use the proceeds for purposes consistent with the Paycheck Protection Program and believes that its use of the loan proceeds will meet the conditions for forgiveness of the loan. CLINIC intends to apply for forgiveness after completing the 24-week period. If forgiveness is granted, CLINIC will record revenue from debt extinguishments during the period that forgiveness was approved. Principal payments as stated in the promissory note are due as follows unless otherwise forgiven:

Year Ending December 31,	
2021	$ 764,929
2022	313,771
	$ 1,078,700

5. BOARD DESIGNATED NET ASSETS

As of December 31, 2020 and 2019, net assets without donor restrictions have been designated by the Board of Directors for the following purposes:

	2020	2019
Endowment	$ 1,544,396	$ 1,121,628
Lily Gutierrez Fund	21,091	20,289
BOARD DESIGNATED NET ASSETS	**$ 1,565,487**	**$ 1,141,917**

6. ENDOWMENT

CLINIC's endowment consists of funds designated by the governing Board to function as endowments. As required by GAAP, net assets associated with endowment funds, including funds designated by the Board of Directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

6. ENDOWMENT (Continued)

Since the endowment was established internally by the Board of Directors and is not donor restricted, it is classified and reported as net assets without donor restrictions. Endowment net asset composition by type of fund as of December 31, 2020:

	Without Donor Restrictions	With Donor Restrictions	Total
Board Designated Endowment Funds	**$ 1,544,396**	**$ -**	**$ 1,544,396**

Changes in endowment net assets for the year ended December 31, 2020:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning of year	$ 1,121,628	$ -	$ 1,121,628
Investment return:			
Interest and dividends	28,883	-	28,883
Net appreciation in fair value of investments	422,768	-	422,768
Total investment return	451,651	-	451,651
Appropriation of endowment assets for expenditure	(28,883)	-	(28,883)
ENDOWMENT NET ASSETS, END OF YEAR	**$ 1,544,396**	**$ -**	**$ 1,544,396**

Endowment net asset composition by type of fund as of December 31, 2019:

	Without Donor Restrictions	With Donor Restrictions	Total
Board Designated Endowment Funds	**$ 1,121,628**	**$ -**	**$ 1,121,628**

Changes in endowment net assets for the year ended of December 31, 2019:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning of year	$ 702,881	$ -	$ 702,881
Investment return:			
Interest and dividends	32,653	-	32,653
Net appreciation in fair value of investments	418,747	-	418,747
Total investment return	451,400	-	451,400
Appropriation of endowment assets for expenditure	(32,653)	-	(32,653)
ENDOWMENT NET ASSETS, END OF YEAR	**$ 1,121,628**	**$ -**	**$ 1,121,628**

6. ENDOWMENT (Continued)

Return Objectives and Risk Parameters -

CLINIC has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment assets. Under this policy, as approved by the Board of Directors, the endowment assets are invested in a manner that is intended to produce results that exceed the price and yield results of the market while assuming a moderate level of risk.

Strategies Employed for Achieving Objectives -

To satisfy its long-term objectives, CLINIC relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). CLINIC targets a diversified asset allocation that provides reasonable and predictable funds for CLINIC's program purposes and to maintain a balance between spending and the protection of the principal.

Spending Policy -

CLINIC has a goal of protecting the principal investment of the funds supporting its endowment. CLINIC is continuing to build its endowment through the appreciation of its investments. Interest and dividends are expended by CLINIC for operations.

7. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consist of the following at December 31, 2020 and 2019:

	2020	2019
Subject to expenditure for specified purpose:		
Education and Network Growth	$ 671,656	$ 554,106
Donor Restricted for Emergency Situations	500,000	500,000
Subtotal	1,171,656	1,054,106
Subject to passage of time	206,505	656,674
TOTAL NET ASSETS WITH DONOR RESTRICTIONS	**$ 1,378,161**	**$ 1,710,780**

The following net assets with donor restrictions were released from donor restrictions by incurring expenses (or through the passage of time) which satisfied the restricted purposes specified by the donors:

	2020	2019
Purpose restrictions accomplished:		
Education and Network Growth	$ 997,370	$ 826,159
Direct Representation and Litigation	79,283	-
Advocacy and Community Engagement	43,637	103,835
Timing restrictions accomplished	1,110,169	318,326
TOTAL NET ASSETS RELEASED FROM DONOR RESTRICTIONS	**$ 2,230,459**	**$ 1,248,320**

8. LIQUIDITY AND AVAILABILITY

Financial assets available for use for general expenditures within one year of the Statements of Financial Position date comprise the following:

	2020	2019
Cash and cash equivalents	$ 2,457,671	$ 1,577,711
Investments	14,170,045	12,856,533
Accounts receivable	348,436	338,907
Contributions receivable	60,654	515,973
Federal grants receivable	-	18,875
Subtotal financial assets available within one year	17,036,806	15,307,999
Less: Donor restricted funds, net of time restricted funds which will become available in the next 12 months	(1,171,656)	(1,054,106)
Less: Board designated funds	(1,565,487)	(1,141,917)
FINANCIAL ASSETS AVAILABLE TO MEET CASH NEEDS FOR GENERAL EXPENDITURES WITHIN ONE YEAR	**$ 14,299,663**	**$ 13,111,976**

CLINIC's management regularly monitors liquidity requirements to ensure that on-going operating needs and other contractual commitments are met. CLINIC has developed and adheres to a Board approved Investment Policy Statement. The goal is to maintain adequate liquidity while maximizing investment income and preserving capital. To achieve this goal, assets have been diversified to provide low to moderate risk tolerance and are regularly monitored and rebalanced when necessary.

The services of an independent investment advisor are utilized for matters regarding the performance and appropriateness of financial asset classes, the selection of specific investments to compare each asset class, and recommendations for changes to overall investment strategy and policy.

A balanced budget approach for 2020 and 2021 has been adopted which anticipates that annual revenue levels will cover general operating expenditures. Timing of revenue receipts also ensures the availability of necessary operational funds.

9. IN-KIND CONTRIBUTIONS

During the years ended December 31, 2020 and 2019, CLINIC was the beneficiary of services which allowed CLINIC to provide greater resources toward various programs. To properly reflect total program expenses, the following donations have been included in revenue and expense for the years ended December 31, 2020 and 2019.

	2020	2019
Donated legal services	$ 10,806,300	$ 290,325
Donated advertising services	13,619	30,245
	$ 10,819,919	**$ 320,570**

9. IN-KIND CONTRIBUTIONS (Continued)

The following programs have benefited from these donated services:

	2020	2019
Direct Representation and Litigation	$ 10,774,836	$ 278,150
Advocacy and Community Engagement	13,619	30,245
Management and General	31,464	12,175
	$ 10,819,919	$ 320,570

10. LEASE COMMITMENTS

CLINIC leases office space under a ten-year agreement, which originated in August 2013. The office lease includes two five-year options to renew at the lease termination date. The agreement includes tenant allowances for improvements, escalation clauses, and charges for other costs related to the leased space.

CLINIC also leases space in Oakland, California under a lease agreement which was entered into in January 2013. The original lease period was March 1, 2013 through May 31, 2018. On April 1, 2018, this lease was renewed for an additional five years and will terminate on May 31, 2023. The agreement contains rent abatements, escalation clauses, and charges for other costs related to the leased space.

Accounting principles generally accepted in the United States of America require that the total rent commitment should be recognized on a straight-line basis over the term of the lease. Accordingly, the difference between the actual monthly payments and the rent expense being recognized for financial statement purposes is recorded as a deferred rent liability on the Statements of Financial Position. As of December 31, 2020 and 2019, the deferred rent liability totaled $99,048 and $137,096, respectively. The following is a schedule of the future minimum lease payments:

Year Ending December 31,	
2021	$ 395,705
2022	410,971
2023	235,082
	$ 1,041,758

Rent expense was $354,643 and $342,828 for the years ended December 31, 2020 and 2019, respectively.

11. RETIREMENT PLAN (PENDING INFORMATION FROM ACTUARY)

In 2010, CLINIC established the Catholic Legal Immigration Network, Inc. 403(b) Plan (the 403(b) Plan). Prior to January 1, 2015, CLINIC matched 100% of employee contributions up to $1,500 per year for participating employees hired prior to January 1, 2008.

All employees hired on or after January 1, 2008, received a 200% employer match, up to $3,000 per year. In 2014, the CLINIC Board approved an amendment to the 403(b) Plan to allow all CLINIC staff to become eligible to receive a two-to-one match of their 403(b) contributions up to $3,000 after one year of employment.

11. RETIREMENT PLAN (PENDING INFORMATION FROM ACTUARY (Continued)

This change was effective as of January 1, 2015. Annual 403(b) Plan expense for the years ended December 31, 2020 and 2019, totaled $164,880 and $131,684, respectively.

CLINIC is a participating employer in a multiemployer defined benefit pension plan (the Plan), including USCCB, pursuant to the Plan document. The Plan covers full-time employees of CLINIC hired prior to January 1, 2008, over the age of 25, and who have completed one year of employment. The Plan does not require a minimum contribution by participating employers. Trustees of the Plan resolved to freeze the Plan effective December 31, 2013.

The following table summarized the information regarding the Plan as of December 31, 2020 and 2019:

	2020	2019
Plan Assets at Fair Value	$ 73,021,330	$ 67,189,736
Projected Benefit Obligation	$106,764,988	$100,756,321
Expected Contributions from All Employers	$ 901,117	$ 1,009,877

The risks of participating in a multiemployer defined benefit pension plan are different from a single-employer plan because: (a) assets contributed to the multiemployer plan by one employer may be used to provide benefits to employees of other participating employers, (b) if a participating employer stops contributing to the plan, the unfunded obligations of the plan may be required to be borne by the remaining participating employers, and (c) if CLINIC chooses to stop participating in the multiemployer plan, it may be required to pay a withdrawal liability to the plan. In connection with ongoing renegotiation of collective bargaining agreements, CLINIC may discuss and negotiate for the complete or partial withdrawal of the multiemployer pension plan. Depending on the number of employees withdrawn in any future period and the financial condition of the multiemployer plan at the time of withdrawal, the associated withdrawal liabilities could be material to CLINIC's change in net assets in the period of the withdrawal. CLINIC has no plans to withdraw from its multiemployer pension plan.

12. SUBSEQUENT EVENTS

In preparing these financial statements, CLINIC has evaluated events and transactions for potential recognition or disclosure through April 22, 2021, the date the financial statements were issued.