FINANCIAL STATEMENTS

CLINIC

CATHOLIC LEGAL IMMIGRATION NETWORK, INC.

FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

CATHOLIC LEGAL IMMIGRATION NETWORK, INC.

CONTENTS

INDEPENDENT AUDITOR'S REPORT

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

Opinion

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, 2021 and 2020, 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.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of CLINIC as of December 31, 2021 and 2020, 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.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of CLINIC and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about CLINIC's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 CLINIC's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about CLINIC's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Gelman Rozenberg & Freedman

March 28, 2022

CATHOLIC LEGAL IMMIGRATION NETWORK, INC.

STATEMENTS OF FINANCIAL POSITION
AS OF DECEMBER 31, 2021 AND 2020

ASSETS

	2021	2020
CURRENT ASSETS		
Cash and cash equivalents	$ 1,678,914	$ 2,457,671
Investments	15,182,099	14,170,045
Accounts receivable	270,177	348,436
Contributions receivable	283,958	60,654
Prepaid expenses	155,158	188,646
Total current assets	17,570,306	17,225,452
PROPERTY AND EQUIPMENT		
Property and equipment, net	94,565	149,257
TOTAL ASSETS	**$ 17,664,871**	**$ 17,374,709**

LIABILITIES AND NET ASSETS

	2021	2020
CURRENT LIABILITIES		
Current portion of loan payable	$ -	$ 764,929
Accounts payable and accrued liabilities	954,398	1,029,373
Deferred revenue	255,666	122,307
Current portion of deferred rent	38,048	34,815
Total current liabilities	1,248,112	1,951,424
NONCURRENT LIABILITIES		
Loan payable, net of current portion	-	313,771
Deferred rent, net of current portion	22,195	64,233
Total noncurrent liabilities	22,195	378,004
Total liabilities	1,270,307	2,329,428
NET ASSETS		
Without donor restrictions	13,028,341	12,101,633
Board designated	1,912,247	1,565,487
Total net assets without donor restrictions	14,940,588	13,667,120
With donor restrictions	1,453,976	1,378,161
Total net assets	16,394,564	15,045,281
TOTAL LIABILITIES AND NET ASSETS	**$ 17,664,871**	**$ 17,374,709**

CATHOLIC LEGAL IMMIGRATION NETWORK, INC.

STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND REVENUE			
Grants and contributions	$ 404,326	$ 3,967,020	$ 4,371,346
In-kind contributions	2,017,970	-	2,017,970
Religious contracts	1,232,640	-	1,232,640
Investment income, net	1,069,167	-	1,069,167
Training and seminars	905,875	-	905,875
United States Conference of Catholic Bishops (USCCB) Support	834,787	-	834,787
Professional service fees	501,149	-	501,149
Membership and other	483,250	-	483,250
Federal and state awards	175,056	-	175,056
Net assets released from donor restrictions	3,891,205	(3,891,205)	-
Total support and revenue	11,515,425	75,815	11,591,240
EXPENSES			
Program Services:			
Education and Network Growth	5,330,080	-	5,330,080
Direct Representation and Litigation	3,308,805	-	3,308,805
Advocacy and Community Engagement	963,432	-	963,432
Total program services	9,602,317	-	9,602,317
Supporting Services:			
Management and General	1,458,459	-	1,458,459
Fundraising and Development	259,881	-	259,881
Total supporting services	1,718,340	-	1,718,340
Total expenses	11,320,657	-	11,320,657
Changes in net assets before other item	194,768	75,815	270,583
OTHER ITEM			
Extinguishment of debt	1,078,700	-	1,078,700
Changes in net assets after other item	1,273,468	75,815	1,349,283
Net assets at beginning of year	13,667,120	1,378,161	15,045,281
NET ASSETS AT END OF YEAR	**$ 14,940,588**	**$ 1,453,976**	**$ 16,394,564**

See accompanying notes to financial statements.

CATHOLIC LEGAL IMMIGRATION NETWORK, INC.

STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2020

	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND REVENUE			
In-kind contributions	$ 10,819,919	$ -	$ 10,819,919
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
Investment income, net	1,384,227	-	1,384,227
Religious contracts	1,088,800	-	1,088,800
Professional service fees	728,853	-	728,853
Training and seminars	600,531	-	600,531
Membership and other	404,300	-	404,300
Federal and state awards	170,056	-	170,056
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:			
Direct Representation and Litigation	12,077,318	-	12,077,318
Education and Network Growth	5,699,565	-	5,699,565
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**

CATHOLIC LEGAL IMMIGRATION NETWORK, INC.

STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2021

	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	$ 2,434,060	$ 823,317	$ 525,387	$ 3,782,764	$ 722,823	$ 135,687	$ 858,510	$ 4,641,274
Employee benefits	443,556	140,260	90,443	674,259	121,296	19,286	140,582	814,841
Payroll taxes	188,810	63,781	41,154	293,745	55,335	10,816	66,151	359,896
Total personnel cost	3,066,426	1,027,358	656,984	4,750,768	899,454	165,789	1,065,243	5,816,011
Professional services, temporary staff, and consultants	208,925	2,039,814	147,185	2,395,924	203,430	26,316	229,746	2,625,670
Sub grants	1,429,743	-	-	1,429,743	-	-	-	1,429,743
Occupancy	125,943	89,198	54,947	270,088	67,165	24,913	92,078	362,166
IT services, equipment and software	176,201	64,300	44,784	285,285	58,846	10,766	69,612	354,897
Staff development	11,249	4,439	320	16,008	145,909	2,352	148,261	164,269
Subscriptions, books and reference materials	47,982	27,117	15,262	90,361	1,813	3,455	5,268	95,629
Insurance	39,607	12,341	7,590	59,538	9,992	2,256	12,248	71,786
Depreciation and amortization	16,172	5,381	12,821	34,374	14,937	5,381	20,318	54,692
Bank charges and credit card fees	41,907	1,278	823	44,008	2,298	2,605	4,903	48,911
Training and program materials	46,318	197	177	46,692	-	-	-	46,692
Communication	22,074	8,607	4,914	35,595	5,757	1,324	7,081	42,676
Printing and duplication	14,183	9,152	5,520	28,855	5,517	2,125	7,642	36,497
Travel	23,998	750	32	24,780	8,963	368	9,331	34,111
Convening	29,904	-	-	29,904	-	-	-	29,904
Audit and accounting	-	-	-	-	28,145	-	28,145	28,145
Licenses/practice related fees	15,669	4,878	2,037	22,584	1,324	438	1,762	24,346
Postage, shipping and freight	5,372	9,197	280	14,849	1,570	916	2,486	17,335
Program development and marketing	3,012	364	7,658	11,034	515	-	515	11,549
Office supplies	2,899	2,406	907	6,212	1,276	702	1,978	8,190
Reports and state filing fees	30	-	-	30	125	8,017	8,142	8,172
Equipment rental and maintenance	1,576	1,172	672	3,420	892	2,016	2,908	6,328
Building maintenance and other	690	856	519	2,065	531	142	673	2,738
Miscellaneous	200	-	-	200	-	-	-	200
TOTAL	**$ 5,330,080**	**$ 3,308,805**	**$ 963,432**	**$ 9,602,317**	**$ 1,458,459**	**$ 259,881**	**$ 1,718,340**	**$ 11,320,657**

See accompanying notes to financial statements.

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
Employee benefits	471,802	151,327	79,575	702,704	181,858	31,829	213,687	916,391
Payroll taxes	180,230	63,927	43,477	287,634	67,716	14,811	82,527	370,161
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
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
Sub grants	1,846,945	-	-	1,846,945	-	-	-	1,846,945
Occupancy	131,463	81,936	53,475	266,874	63,846	23,923	87,769	354,643
Equipment rental and maintenance	35,922	22,152	10,344	68,418	15,691	6,636	22,327	90,745
Communication	39,940	7,691	9,143	56,774	5,479	1,709	7,188	63,962
Depreciation and amortization	12,831	6,415	15,450	34,696	16,628	6,415	23,043	57,739
Staff development	15,528	1,232	573	17,333	36,629	1,166	37,795	55,128
Travel	35,700	799	1,597	38,096	1,514	331	1,845	39,941
Subscriptions, books and reference materials	23,904	1,432	11,909	37,245	297	1,667	1,964	39,209
Audit and accounting	-	-	-	-	33,304	-	33,304	33,304
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
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
Training and program materials	14,279	-	-	14,279	-	-	-	14,279
Printing and duplication	2,380	4,169	1,341	7,890	1,284	1,459	2,743	10,633
Convening	3,901	703	1,407	6,011	1,003	703	1,706	7,717
Reports and state filing fees	459	19	-	478	93	6,153	6,246	6,724
Building maintenance and other	1,101	444	492	2,037	492	169	661	2,698
Program development and marketing	1,011	5	1,017	2,033	3	1	4	2,037
Miscellaneous	-	-	-	-	1,995	-	1,995	1,995
Bank charges and credit card fees	25	47	-	72	815	25	840	912
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.

STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Changes in net assets	$ 1,349,283	$ 702,823
Adjustments to reconcile changes in net assets to net cash used by operating activities:		
Depreciation and amortization	54,692	57,739
Net appreciation in fair value of investments	(1,002,646)	(1,250,198)
Extinguishment of debt	(1,078,700)	-
Decrease (increase) in:		
Accounts receivable	78,259	(9,529)
Contributions receivable	(223,304)	455,319
Federal grants receivable	-	18,875
Prepaid expenses	33,488	(44,434)
(Decrease) increase in:		
Accounts payable and accrued liabilities	(74,975)	43,237
Deferred revenue	133,359	(71,210)
Deferred rent	(38,805)	(38,048)
Net cash used by operating activities	(769,349)	(135,426)
CASH FLOWS FROM INVESTING ACTIVITIES		
Net purchases of investments	(88,809)	(239,000)
Proceeds from sale of investments	79,401	175,686
Net cash used by investing activities	(9,408)	(63,314)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from loan payable	-	1,078,700
Net cash provided by financing activities	-	1,078,700
Net (decrease) increase in cash and cash equivalents	(778,757)	879,960
Cash and cash equivalents at beginning of year	2,457,671	1,577,711
CASH AND CASH EQUIVALENTS AT END OF YEAR	**$ 1,678,914**	**$ 2,457,671**
SCHEDULE OF NONCASH INVESTING AND FINANCING TRANSACTIONS		
Extinguishment of Debt	**$ 1,078,700**	**$ -**

See accompanying notes to financial statements.

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 -** Net assets may be subject to donor-imposed stipulations that are more restrictive than CLINIC's mission and purpose. Some donor imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Donor imposed restrictions are released when the restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the Statement 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 $15,178,676 and $3,925,884 as of December 31, 2021 and 2020, 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 Statement 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 collectable within one year. Accordingly, an allowance for doubtful accounts has not been established.

Contributions receivable -

Contributions 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. Management believes that the unconditional promises to give are fully collectable. 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.

Depreciation and amortization expense for the years ended December 31, 2021 and 2020 totaled $54,692 and $57,739, respectively.

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

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, 2021 and 2020, 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.

Support and 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 grant 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.

For contributions and grants treated as conditional contributions, CLINIC had approximately $44,000 and $39,000, respectively, in unrecognized conditional awards as of December 31, 2021 and 2020.

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

Support and revenue (continued) -

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.

Religious contracts revenues is recorded as revenue when the performance obligation is met which is when the religious immigrations services have been provided. 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 religious contracts, 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, 2021 and 2020:

	2021	2020
Professional service fees	$ 149,093	$ 46,932
Trainings and seminars	82,073	74,375
Membership	24,500	1,000
TOTAL DEFERRED REVENUE	**$ 255,666**	**$ 122,307**

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 Statement 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.

New accounting pronouncements (not yet adopted) -

ASU 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets* improves generally accepted accounting principles (GAAP) by increasing the transparency of contributed nonfinancial assets for not-for-profit (NFP) entities through enhancements to presentation and disclosure. The amendments in this Update address certain stakeholders' concerns about the lack of transparency relating to the measurement of contributed nonfinancial assets recognized by NFPs, as well as the amount of those contributions used in a NFP's programs and other activities. The ASU should be applied on a retrospective basis and is effective for annual periods beginning after June 15, 2021, and interim periods within annual periods beginning after June 15, 2022. Early adoption is permitted. The amendment will not change the recognition and measurement requirements for those contributed nonfinancial assets.

ASU 2019-01, *Leases* (Topic 842) changes the accounting treatment for operating leases by requiring recognition of a lease asset and lease liability at the present value of the lease payments in the Statements of Financial Position and disclosure of 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 pronouncements (not yet adopted) (continued) -

CLINIC plans to adopt the new ASUs at the required implementation dates and management is currently in the process of evaluating the adoption method and the impact of the new standards 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, 2021 and 2020. 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, 2021.

	Level 1	Level 2	Level 3	Total
Asset Class:				
Money market funds	$ 15,178,676	$ -	$ -	$ 15,178,676
Mutual funds	3,423	-	-	3,423
TOTAL	**$ 15,182,099**	**$ -**	**$ -**	**$ 15,182,099**

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**

Included in investment income are the following:

	2021	2020
Net appreciation in fair value	$ 1,002,646	$ 1,250,198
Interest and dividends	86,253	155,134
Investment expenses provided by external investment advisors	(19,732)	(21,105)
TOTAL INVESTMENT INCOME, NET OF INVESTMENT EXPENSES	**$ 1,069,167**	**$ 1,384,227**

3. PROPERTY AND EQUIPMENT

Property and equipment consisted of the following at December 31, 2021 and 2020:

	2021	2020
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	(601,322)	(546,630)
NET PROPERTY AND EQUIPMENT	**$ 94,565**	**$ 149,257**

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. During the year ended December 31, 2021, CLINIC used the proceeds for purposes consistent with the Paycheck Protection Program and applied for forgiveness subsequent to the 24-week period stipulated by the terms. On June 11, 2021, CLINIC received notice that the loan was forgiven in its entirety, both interest and principle. This amount is recorded as "Extinguishment of debt," which is an other item on the Statement of Activities and Changes in Net Assets.

5. BOARD DESIGNATED NET ASSETS

As of December 31, 2021 and 2020, net assets without donor restrictions have been designated by the Board of Directors for the following purposes:

	2021	2020
Endowment	$ 1,882,699	$ 1,544,396
Lily Gutierrez Fund	29,548	21,091
BOARD DESIGNATED NET ASSETS	**$ 1,912,247**	**$ 1,565,487**

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. 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, 2021:

	Without Donor Restrictions	With Donor Restrictions	Total
Board Designated Endowment Funds	**$ 1,882,699**	**$ -**	**$ 1,882,699**

Changes in endowment net assets for the year ended December 31, 2021:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning of year	$ 1,544,396	$ -	$ 1,544,396
Investment return:			
Interest and dividends	24,146	-	24,146
Net appreciation in fair value of investments	338,303	-	338,303
Total investment return	362,449	-	362,449
Appropriation of endowment assets for expenditure	(24,146)	-	(24,146)
ENDOWMENT NET ASSETS, END OF YEAR	**$ 1,882,699**	**$ -**	**$ 1,882,699**

6. ENDOWMENT (Continued)

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 of 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**

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, 2021 and 2020:

	2021	2020
Subject to expenditure for specified purpose:		
Donor restricted for emergency situations	$ 500,000	$ 500,000
Education and Network Growth	455,464	671,656
Direct Representation and Litigation	37,500	-
Advocacy and Community Engagement	61,818	-
Subtotal	1,054,782	1,171,656
Subject to passage of time	399,194	206,505
TOTAL NET ASSETS WITH DONOR RESTRICTIONS	**$ 1,453,976**	**$ 1,378,161**

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:

	2021	2020
Purpose restrictions accomplished:		
Education and Network Growth	$ 2,622,088	$ 997,370
Direct Representation and Litigation	-	79,283
Advocacy and Community Engagement	70,807	43,637
Timing restrictions accomplished	1,198,310	1,110,169
TOTAL NET ASSETS RELEASED FROM DONOR RESTRICTIONS	**$ 3,891,205**	**$ 2,230,459**

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:

	2021	2020
Cash and cash equivalents	$ 1,678,914	$ 2,457,671
Investments	15,182,099	14,170,045
Accounts receivable	270,177	348,436
Contributions receivable	283,958	60,654
Subtotal financial assets available within one year	17,415,148	17,036,806
Less: Donor restricted funds, net of time restricted funds which will become available in the next 12 months	(1,054,782)	(1,171,656)
Less: Board designated funds	(1,912,247)	(1,565,487)
FINANCIAL ASSETS AVAILABLE TO MEET CASH NEEDS FOR GENERAL EXPENDITURES WITHIN ONE YEAR	**$ 14,448,119**	**$ 14,299,663**

8. LIQUIDITY AND AVAILABILITY (Continued)

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 2021 and 2022 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, 2021 and 2020, 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, 2021 and 2020.

	2021	2020
Donated legal services	$ 2,008,880	$ 10,806,300
Donated advertising services	9,090	13,619
TOTAL	**$ 2,017,970**	**$ 10,819,919**

The following programs have benefited from these donated services:

	2021	2020
Direct Representation and Litigation	$ 1,994,737	$ 10,774,836
Advocacy and Community Engagement	9,090	13,619
Management and General	14,143	31,464
TOTAL	**$ 2,017,970**	**$ 10,819,919**

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.

10. LEASE COMMITMENTS (Continued)

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, 2021 and 2020, the deferred rent liability totaled $60,243 and $99,048, respectively. The following is a schedule of the future minimum lease payments:

Year Ending December 31,	
2022	$ 410,971
2023	235,082
	$ 646,053

Rent expense was $362,166 and $354,643 for the years ended December 31, 2021 and 2020, 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, CLINIC's 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.

This change was effective as of January 1, 2015. Annual 403(b) Plan expense for the years ended December 31, 2021 and 2020, totaled $156,066 and $164,880, 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, 2021 and 2020:

	2021	**2020**
Plan Assets at Fair Value	$ 78,407,681	$ 73,021,330
Projected Benefit Obligation	$ 99,754,077	$106,764,988
Expected Contributions from All Employers	$ -	$ 901,117

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

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

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 March 28, 2022, the date the financial statements were issued.