

**REPORT OF
INVESTIGATIVE REPORTERS
AND EDITORS, INC.**

JUNE 30, 2015 and 2014



CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Investigative Reporters and Editors, Inc.

We have audited the accompanying financial statements of Investigative Reporters and Editors, Inc. ("IRE"), which comprise the statements of financial position as of June 30, 2015 and 2014, and the related statements of activities 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 U.S. generally accepted accounting principles; 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with U.S. generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of IRE as of June 30, 2015 and 2014, and the changes in its net assets and its cash flows for the years then ended in accordance with U.S. generally accepted accounting principles

Other Matter

Our audits were conducted for the purpose of forming an opinion on the financial statements taken as a whole. The accompanying supplementary information on pages 16 through 19 is presented for the purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with U.S. generally accepted auditing standards. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

William - Keefson LLC

January 27, 2016

INVESTIGATIVE REPORTERS AND EDITORS, INC.

STATEMENTS OF FINANCIAL POSITION

June 30, 2015 and 2014

ASSETS	<u>2015</u>	<u>2014</u>
Cash and cash equivalents	\$ 1,022,889	\$ 889,097
Accounts receivable	225,943	221,648
Prepaid expenses	18,375	22,384
Publications inventory	13,562	16,134
Pledges and grants receivable	799,573	193,906
Capital assets, net of accumulated depreciation of \$345,020 for 2015 and \$251,180 for 2014	375,470	225,754
Investments	<u>3,432,021</u>	<u>3,350,887</u>
Total assets	<u>\$ 5,887,833</u>	<u>\$ 4,919,810</u>
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts payable	\$ 313,635	\$ 382,389
Unearned revenues	<u>6,140</u>	<u>20,525</u>
Total liabilities	<u>319,775</u>	<u>402,914</u>
NET ASSETS		
Unrestricted:		
Reserve funds	300,063	211,712
Other	<u>382,990</u>	<u>149,551</u>
Total unrestricted	683,053	361,263
Temporarily restricted	1,562,838	900,516
Permanently restricted	<u>3,322,167</u>	<u>3,255,117</u>
Total net assets	<u>5,568,058</u>	<u>4,516,896</u>
Total liabilities and net assets	<u>\$ 5,887,833</u>	<u>\$ 4,919,810</u>

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

INVESTIGATIVE REPORTERS AND EDITORS, INC.

STATEMENT OF ACTIVITIES
Year Ended June 30, 2015
(with summarized totals for 2014)

	Unrestricted	Temporarily Restricted	Permanently Restricted	2015 Total	2014 Total
OPERATING ACTIVITIES					
REVENUE AND OTHER SUPPORT					
Membership	\$ 276,074	\$ -	\$ -	\$ 276,074	\$ 257,938
Sales and services	103,592	-	-	103,592	79,092
Conferences and seminars	742,634	-	-	742,634	652,979
Contributions	41,385	2,000,020	-	2,041,405	966,314
Investment return	63	(19,044)	-	(18,981)	300,052
Awards contest entry fees	32,370	-	-	32,370	28,256
Net assets released from restrictions	1,318,654	(1,318,654)	-	-	-
Total revenue and other support	<u>2,514,772</u>	<u>662,322</u>	<u>-</u>	<u>3,177,094</u>	<u>2,284,631</u>
EXPENSES					
Program:					
Member services	163,306	-	-	163,306	164,700
Sales and services	688,032	-	-	688,032	858,905
Conferences and seminars	755,482	-	-	755,482	793,379
Awards contest	12,721	-	-	12,721	21,145
Total program expense	1,619,541	-	-	1,619,541	1,838,129
General and administrative	512,124	-	-	512,124	502,491
Fund-raising	61,317	-	-	61,317	94,874
Total expenses	<u>2,192,982</u>	<u>-</u>	<u>-</u>	<u>2,192,982</u>	<u>2,435,494</u>
Excess (deficiency) of operating revenues and other support over expenses	321,790	662,322	-	984,112	(150,863)
NONOPERATING ACTIVITIES					
Contributions	-	-	67,050	67,050	28,113
Investment return	-	-	-	-	15,087
Increase (decrease) in net assets	321,790	662,322	67,050	1,051,162	(107,663)
Net assets at beginning of year	<u>361,263</u>	<u>900,516</u>	<u>3,255,117</u>	<u>4,516,896</u>	<u>4,624,559</u>
Net assets at end of year	<u>\$ 683,053</u>	<u>\$ 1,562,838</u>	<u>\$ 3,322,167</u>	<u>\$ 5,568,058</u>	<u>\$ 4,516,896</u>

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

INVESTIGATIVE REPORTERS AND EDITORS, INC.

STATEMENT OF ACTIVITIES

Year Ended June 30, 2014

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
OPERATING ACTIVITIES				
REVENUE AND OTHER SUPPORT				
Membership	\$ 257,938	\$ -	\$ -	\$ 257,938
Sales and services	79,092	-	-	79,092
Conferences and seminars	652,979	-	-	652,979
Contributions	33,618	932,696	-	966,314
Investment return	63	299,989	-	300,052
Awards contest entry fees	28,256	-	-	28,256
Net assets released from restrictions	1,516,829	(1,516,829)	-	-
Total revenue and other support	<u>2,568,775</u>	<u>(284,144)</u>	<u>-</u>	<u>2,284,631</u>
EXPENSES				
Program:				
Member services	164,700	-	-	164,700
Sales and services	858,905	-	-	858,905
Conferences and seminars	793,379	-	-	793,379
Awards contest	21,145	-	-	21,145
Total program expense	1,838,129	-	-	1,838,129
General and administrative	502,491	-	-	502,491
Fund-raising	94,874	-	-	94,874
Total expenses	<u>2,435,494</u>	<u>-</u>	<u>-</u>	<u>2,435,494</u>
Excess (deficiency) of operating revenues and other support over expenses	133,281	(284,144)	-	(150,863)
NONOPERATING ACTIVITIES				
Contributions	-	-	28,113	28,113
Investment return	-	-	15,087	15,087
Increase in net assets	133,281	(284,144)	43,200	(107,663)
Net assets at beginning of year	<u>227,982</u>	<u>1,184,660</u>	<u>3,211,917</u>	<u>4,624,559</u>
Net assets at end of year	<u>\$ 361,263</u>	<u>\$ 900,516</u>	<u>\$ 3,255,117</u>	<u>\$ 4,516,896</u>

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

INVESTIGATIVE REPORTERS AND EDITORS, INC.

STATEMENTS OF CASH FLOWS Years Ended June 30, 2015 and 2014

	2015	2014
OPERATING ACTIVITIES		
Increase (decrease) in net assets	\$ 1,051,162	\$ (107,663)
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation expense	93,840	54,816
Realized and unrealized investment (gain) loss	160,880	(171,813)
Permanently restricted contributions	(67,050)	(28,113)
Reinvested endowment earnings	-	(15,087)
(Increases) decreases in operating assets and		
Increases (decreases) in operating liabilities:		
Accounts receivable	(4,295)	(44,567)
Pledges and grants receivable	(605,667)	108,082
Prepaid expenses	4,009	(5,820)
Publications inventory	2,572	(917)
Accounts payable	(68,754)	145,472
Unearned revenues	(14,385)	14,020
Net cash provided (used) by operating activities	552,312	(51,590)
INVESTING ACTIVITIES		
Capital asset additions	(243,556)	(114,990)
Purchases of investments	(520,160)	(596,431)
Sales of investments	278,146	586,835
Net cash (used) by investing activities	(485,570)	(124,586)
FINANCING ACTIVITIES		
Cash collected from permanently restricted contributions	67,050	43,200
Reinvested endowment earnings	-	26,826
Net cash provided by financing activities	67,050	43,200
Net increase (decrease) in cash and cash equivalents	133,792	(132,976)
Cash and cash equivalents, beginning of year	889,097	1,022,073
Cash and cash equivalents, end of year	\$ 1,022,889	\$ 889,097

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

INVESTIGATIVE REPORTERS AND EDITORS, INC.

NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization: Investigative Reporters and Editors, Inc. (IRE) is a non-profit, educational organization of journalists, students, researchers, and academics. IRE's purpose is to enhance the skills and resources available to working journalists and to teach the techniques of investigative work.

IRE operates the National Institute for Computer-Assisted Reporting (NICAR), a joint program of IRE and the Missouri School of Journalism. NICAR's mission is to train and educate journalists in the techniques and technologies of computer-assisted reporting. Its mission is also to conduct data analysis and research to help news organizations better serve the public.

Financial statement presentation: The accompanying financial statements are prepared on the accrual basis of accounting. In accordance with U.S. generally accepted accounting principles for not-for-profit organizations, IRE reports its financial position and activities according to three classes of net assets: unrestricted, temporarily restricted and permanently restricted. The classification of net assets as temporarily or permanently restricted is based on the existence of donor-imposed stipulations that specify a use for a contributed asset that is more specific than broad limits resulting from IRE's basic mission and the environment in which it operates. Assets without donor-imposed restrictions, including assets designated for specific use by IRE's Board of Directors, are included in unrestricted net assets.

Temporary restrictions are donor-imposed stipulations that either expire by passage of time or can be fulfilled and removed by actions of IRE pursuant to those stipulations. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statement of Activities as net assets released from restrictions.

Permanent restrictions are donor-imposed stipulations that neither expire by passage of time nor can be fulfilled or otherwise removed by actions of IRE.

Contributions in-kind: IRE receives office space and utilities at no charge from the University of Missouri - Columbia. The estimated annual fair value of these contributions, \$12,000, and the off-setting expenses have been included in these financial statements.

Estimates: The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Cash equivalents: For purposes of the statement of cash flows, investments with an original maturity of three months or less are considered to be cash equivalents unless permanently restricted or designated as endowment funds by the board of directors. IRE maintains cash balances at financial institutions that are insured by the Federal Deposit Insurance Corporation (FDIC).

Investments: Equity securities with readily determinable fair values and debt securities are reported in the financial statements at fair value. Fair value represents the estimated market value of the underlying securities and is generally obtained from IRE's investment manager, who obtains quoted market prices and dealer quotes.

Inventory: Inventory is determined using the first in, first out (FIFO) method and is stated at lower of cost or market.

Receivables: IRE records an allowance for estimated uncollectible accounts when necessary. At June 30, 2015 and 2014 IRE considered all accounts to be fully collectible.

Capital assets: Capital assets, which consist of computers and other equipment and website development costs, are stated at cost if purchased or fair value if contributed. Capitalized assets are depreciated over 3-7 years using the straight-line method.

Program expenses: Program expenses include expenses directly related to the respective programs and certain allocated indirect expenses. Indirect expenses, such as telephone, postage, and other staff salaries that pertain to IRE general programs, are allocated to specific programs based on criteria established by management.

Income taxes: IRE is exempt from Federal income tax under Section 501(c)(3) of the Internal Revenue Code. IRE's Form 990 annual report to the Internal Revenue Service (IRS) and its taxable status are subject to examination by the IRS for open tax years, which as of the date of this report are the years ended June 30, 2012 through 2015. Interest and penalties incurred, if any, related to annual Form 990 or unrelated business income tax filings are reported within general and administrative expenses in the Statement of Activities.

Subsequent events: Events that occurred subsequent to June 30, 2015 have been evaluated through January 27, 2016, which is the date the financial statements were available to be issued.

2. CASH AND INVESTMENTS

	2015	2014
Cash and cash equivalents:		
Checking:		
Reserve funds portion	\$ 100,041	\$ -
Other	722,351	480,255
Interest-bearing cash account:		
Reserve funds portion	200,022	211,712
Other	-	196,655
Petty cash fund	475	475
Total cash and cash equivalents	<u>\$ 1,022,889</u>	<u>\$ 889,097</u>
Long-term investment portfolio:		
Cash sweep accounts	\$ 212,891	\$ 205,356
Common and preferred stocks	884,119	854,877
Corporate and municipal bonds	2,335,011	2,290,654
Total long-term investments	<u>\$ 3,432,021</u>	<u>\$ 3,350,887</u>
Components of investment return:		
Interest and dividends, less investment fees	\$ 141,899	\$ 143,326
Net investment gains (losses)	<u>(160,880)</u>	<u>171,813</u>
	<u>\$ (18,981)</u>	<u>\$ 315,139</u>

Reserve fund policy:

During June 2015, IRE approved a formal reserve policy setting goals for the amount of emergency reserves IRE must have on hand. These goals set the floor and the ceiling for the reserve at three months and six months of operating expense, respectively. Operating expenses are calculated based on quarterly payroll expenses and annualized budgeted administrative and general expenses. Reserve funds are available to be used in the case of a financial shortfall requiring immediate attention. A proposal to use reserve funds requires approval by the Board of Directors. If reserve funds fall below the floor amount, any funds that are available at the end of the fiscal year are to be used to replenish the reserves.

3. FAIR VALUE OF FINANCIAL INSTRUMENTS

For assets and liabilities required to be reported at fair value, generally accepted accounting principles prescribes a framework for measuring fair value and for making financial statement disclosures about fair value. A fair value hierarchy has been established that distinguishes between market participant assumptions based on market data obtained from sources independent of the reporting entity (observable inputs that are classified within Levels 1 and 2 of the hierarchy) and the reporting entity's own assumptions about market participant assumptions (unobservable inputs classified within Level 3 of the hierarchy).

The fair value hierarchy as prescribed by generally accepted accounting principles is as follows:

- Level 1 Valuation is based upon quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity has the ability to access at or within 90 days of the measurement date.
- Level 2 Valuation is based upon quoted prices for similar assets and liabilities in active markets, as well as inputs that are observable for the asset or liability (other than quoted prices), such as interest rates, foreign exchange rates, and yield curves that are observable at commonly quoted intervals.
- Level 3 Valuation is generated from model-based techniques that use at least one significant assumption based on unobservable inputs for the asset or liability, which are typically based on an entity's own assumptions, as there is little, if any, related market activity.

In instances where the determination of the fair value measurement is based on inputs from different levels of the fair value hierarchy, the level in the fair value hierarchy within which the entire fair value measurement falls is based on the lowest level input that is significant to the fair value measurement in its entirety. IRE's assessment of the significance of a particular input to the fair value measurement in its entirety requires judgment, and considers factors specific to the asset or liability.

IRE's assets measured at fair value on a recurring basis as of June 30, 2015 and 2014, aggregated by the level in the fair value hierarchy within which those measurements fall, are as follows:

Description	Total	Level 1	Level 2	Level 3
2015:				
Common and preferred stocks:				
Financial services	\$ 63,602	\$ 63,602	\$ -	\$ -
Industrial materials	162,913	162,913	-	-
Energy	195,628	195,628	-	-
Transportation	63,220	63,220	-	-
Utilities	58,216	58,216	-	-
Health care	115,920	115,920	-	-
Consumer goods	15,648	15,648	-	-
Communications	189,390	189,311	-	-
Food and Beverage	19,582	19,582	-	-
Corporate bonds	2,275,851	-	2,275,851	-
Municipal bonds	59,160	-	59,160	-
Total investments at fair value	3,219,130	\$ 884,040	\$ 2,335,011	\$ -
Cash sweep accounts	212,891			
Total investment portfolio	\$ 3,432,021			

Description	Total	Level 1	Level 2	Level 3
2014:				
Common and preferred stocks:				
Financial services	\$ 67,845	\$ 67,845	\$ -	\$ -
Industrial materials	151,543	151,543	-	-
Energy	183,681	183,681	-	-
Transportation	57,983	57,983	-	-
Utilities	61,014	61,014	-	-
Health Care	108,750	108,750	-	-
Consumer goods	15,718	15,718	-	-
Communications	168,528	168,528	-	-
Food and Beverage	39,815	39,815	-	-
Corporate bonds	2,226,006	-	2,226,006	-
Municipal bonds	64,648	-	64,648	-
Total investments at fair value	3,145,531	\$ 854,877	\$ 2,290,654	\$ -
Cash sweep accounts	205,356			
Total investment portfolio	\$ 3,350,887			

Level 1 classifications for IRE consist of common stocks and preferred stocks where fair value is based on quoted prices in active markets.

Level 2 classifications for IRE consist of corporate and government bonds where fair value is determined using other observable inputs.

4. CAPITAL ASSETS

Capital assets, which consist of computers and other equipment and website development costs, are as follows at June 30:

	<u>2015</u>	<u>2014</u>
Computers and other equipment	\$ 133,016	\$ 117,421
IRE website	15,000	15,000
Document Cloud website	<u>344,513</u>	<u>234,349</u>
Total in service, at cost	492,529	366,770
Less accumulated depreciation	<u>(345,020)</u>	<u>(251,180)</u>
Total in service, net of depreciation	147,509	115,590
Document Cloud website improvements not yet placed in service	<u>227,961</u>	<u>110,164</u>
Total capital assets, net of depreciation	<u>\$ 375,470</u>	<u>\$ 225,754</u>

Depreciation expense of \$93,840 and \$54,816 was recorded for the years ended June 30, 2015 and 2014, respectively.

5. CONTRIBUTIONS

Contributions received, including unconditional promises to give, are recognized as revenues in the period in which the contributions or pledges are made, at the net present value of their estimated future cash flows. Pledges that are conditional promises to give are recognized in the period in which the conditions are met. Grants are included with contributions for purposes of financial reporting.

Pledges and grants receivable at June 30, 2015 and 2014 are primarily from foundations and news organizations and are as follows:

	<u>2015</u>	<u>2014</u>
Due in one year or less	\$ 799,573	\$ 110,572
Due in two through five years	<u>-</u>	<u>83,334</u>
Net pledges and grants receivable	<u>\$ 799,573</u>	<u>\$ 193,906</u>

6. TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets represent resources either expendable only for purposes specified by the donor or subject to a donor's time restrictions as to when they are available for expenditure. The following represent the temporarily restricted net assets at June 30, 2015 and 2014:

	2015	2014
Non-endowment contributions:		
John S. and James L. Knight Foundation grants:		
Conference support	\$ 84,475	\$ 167,808
Panda project	9,367	10,077
Document Cloud additional grants (see note below)	1,002,952	19,753
Open Elections	8,064	69,677
Census	25,484	68,238
Ethics & Excellence grants:		
Watchdog Workshops support	108,000	108,000
Lumina Foundation:		
Sponsor training to increase campus coverage of college completion and productivity issues	-	17,461
Conference support	5,000	15,000
McCormick Foundation: to be used for community pilot program	-	19,253
Gannett Foundation: Contest awards	5,000	5,000
Google, Inc: sponsorship for scholarships	-	5,975
The Kohlberg Foundation	148,740	86,871
Project Word:		
Proteus Fund grant	15,947	-
RSF Social Finance contribution	1,000	-
Other contributions	200	-
Open Elections:		
Sunlight Foundation grant	10,000	-
Other contributions	250	-
Accumulated unappropriated earnings on endowment funds (see Note 7)	138,359	307,403
Total temporarily restricted net assets	\$ 1,562,838	\$ 900,516

For the Document Cloud project, the Knight Foundation awarded IRE an additional grant of \$1,404,000 for the grant period of July 1, 2014 through June 30, 2016. As of June 30, 2015, \$702,000 of the funds had been received and the remaining portion, net of \$8,000 to be withheld by Knight to fund an audit of the grant, was recorded as an outstanding grant receivable at June 30, 2015. The entire grant, net of the \$8,000, was recorded as temporarily restricted contribution revenue for the fiscal year ended June 30, 2015.

Temporarily restricted net assets are reported as released from restrictions based on satisfaction of purpose and/or time restrictions placed on the contributions and related investment return. The following summarizes the releases from restrictions for the years ended June 30:

	2015	2014
Expenditures meeting purpose restrictions:		
From non-endowment contributions	\$ 1,168,654	\$ 1,315,376
From accumulated earnings on endowment funds	150,000	150,000
Reclassification of reserve funds	-	51,453
	\$ 1,318,654	\$ 1,516,829

7. ENDOWMENT FUNDS

Endowment funds consist of contributions that the donors have required to be maintained in perpetuity and include any outstanding donor pledges of endowment contributions. Endowment funds are invested in IRE's long-term investment portfolio, but at any point in time a portion may be temporarily held in uninvested bank deposits.

Interpretation of Relevant Law

A version of the Uniform Prudent Management of Institutional Funds Act (UPMIFA) is the law governing the management of donor-restricted endowment funds in Missouri. UPMIFA provides guidance for investment management and expenditure decisions related to endowment funds.

The Board of Directors of IRE has interpreted UPMIFA as requiring the preservation of the fair value of the original gift as of the gift date for donor-restricted endowment funds, absent explicit donor stipulations to the contrary. As a result of this interpretation, IRE classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. Pursuant to UPMIFA, the remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by IRE in a manner consistent with the standard of prudence prescribed by UPMIFA. In accordance with UPMIFA, IRE considers the following factors in making a determination to appropriate or accumulate from a donor-restricted endowment fund: duration and preservation of the endowment fund; purposes of IRE and the endowment funds; general economic conditions; the possible effect of inflation and deflation; the expected total return from income and the appreciation of investments; other resources of IRE; and the investment policies of IRE.

IRE has not adopted a spending rate approach for appropriation of endowment earnings for expenditure. Instead, endowment earnings are expended based on the current needs of the organization and consistent with the purpose restrictions imposed by the donors. Accordingly, endowment gifts are invested appropriately to provide maximum long-term growth of the endowment portfolio balanced with the liquidity needed for current expenditure of a portion of the endowment earnings. A diversified mix of money market funds and equity and fixed income securities traded in public markets is used to achieve these objectives.

Funds with Deficiencies

From time to time, due to unfavorable market conditions, the fair value of assets associated with individual donor restricted endowment funds may fall below the level that the donor or UPMIFA requires IRE to retain as a fund of perpetual duration. Because the portion of an endowment that is deemed to be permanently restricted for financial reporting purposes cannot be decreased by such decreases in fair value, deficiencies of this nature are reported in unrestricted net assets.

The following is a summary of changes in endowment funds for the years ended June 30, 2015 and 2014. All endowment funds are donor-restricted.

	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets, July 1, 2013	\$ 208,868	\$ 3,211,917	\$ 3,420,785
Investment return:			
Investment income, net	128,175	15,087	143,262
Net (depreciation) - realized and unrealized	171,813	-	171,813
Contributions	-	28,113	28,113
Reclassification of an amount pertaining to unrestricted reserve funds	(51,453)	-	(51,453)
Appropriated for expenditures	(150,000)	-	(150,000)
Endowment net assets, June 30, 2014	307,403	3,255,117	3,562,520
Investment return:			
Investment income, net	141,836	-	141,836
Net appreciation - realized and unrealized	(160,880)	-	(160,880)
Contributions	-	67,050	67,050
Appropriated for expenditures	(150,000)	-	(150,000)
Endowment net assets, June 30, 2015	\$ 138,359	\$ 3,322,167	\$ 3,460,526

The following is a summary of changes in endowments by net asset classification for the years ended June 30, 2015 and 2014:

	Long-term Investment Portfolio	Temporary Cash Funds	Pledges Receivable	Total
Balance, July 1, 2013	\$ 3,169,478	\$ 249,069	\$ 2,238	\$ 3,420,785
Contributions and change in discount	-	30,351	(2,238)	28,113
Investment return:				
Income	143,262	-	-	143,262
Appreciation (depreciation)	171,813	-	-	171,813
Expenditures	(150,000)	-	-	(150,000)
Reclassification of an amount pertaining to unrestricted reserve funds	(79)	(51,374)	-	(51,453)
Transfers	16,334	(16,334)	-	-
Balance, June 30, 2014	3,350,808	211,712	-	3,562,520
Contributions and change in discount	-	67,050	-	67,050
Investment return:				
Income	141,836	-	-	141,836
Appreciation (depreciation)	(160,880)	-	-	(160,880)
Expenditures	(150,000)	-	-	(150,000)
Investment of permanently restricted funds	229,384	(229,384)	-	-
Transfers	20,794	(20,794)	-	-
Balance, June 30, 2015	\$ 3,431,942	\$ 28,584	\$ -	\$ 3,460,526

The following are the permanently restricted amounts of donor restricted endowment funds maintained by IRE, including any outstanding pledges of contributions that are permanently restricted:

	<u>2015</u>	<u>2014</u>
John S. and James L. Knight Foundation: Cumulative amounts recognized under challenge grants. The grants call for an annual addition to the permanently restricted portion for inflation	\$ 1,487,456	\$ 1,487,456
Other individual endowment funds, excluding any portion of the Knight Foundation challenge match funds that are allocable to these individual funds:		
Eugene S. Pulliam Fund: to fund the salary and other expenses of the IRE Resource Center directorship.	475,000	475,000
Samuel I. Newhouse Foundation: for general IRE purposes	150,000	150,000
Gannett Foundation: to fund computer assisted investigative reporting training sessions	100,000	100,000
Nicholas B. Ottaway Foundation: to fund minority fellowships.	200,000	200,000
Las Vegas Sun: to fund investigative reporting training sessions	100,000	100,000
Fund for Freelance Journalists: to fund training fellowships for journalists working on investigative projects	92,224	80,449
Phillip Graham Foundation: to fund minority fellowships	25,000	25,000
James Bennett Award Funds: to fund fellowships to IRE/NICAR training events for students in Arkansas (except for the University of Arkansas-Fayetteville), Oklahoma, Louisiana, and Mississippi.	9,382	9,382
General endowment: Cumulative individual donor contributions, some of which has been designated for specific purposes	<u>683,105</u>	<u>627,830</u>
Total permanently restricted portion of donor restricted endowment funds	<u>\$ 3,322,167</u>	<u>\$ 3,255,117</u>

8. COMMITMENTS AND CONTINGENCIES

From time to time, IRE may receive grants which require any unused funds to be returned to the grantor at the conclusion of the grant period. Unless it is uncertain whether or not grant funds will be used for their respective restricted purpose within the grant period, unexpended grant funds are reported as temporarily restricted net assets. As of June 30, 2015 and 2014, any unexpended grant funds have been reported as contributions and are included in temporarily restricted net assets.

INVESTIGATIVE REPORTERS AND EDITORS, INC.

COMBINED SCHEDULE OF PROGRAM ACTIVITY AND FUNCTIONAL EXPENSES
Years Ended June 30, 2015 and 2014

	2015			2014		
	IRE	NICAR	Total	IRE	NICAR	Total
Membership						
Revenue						
Membership	\$ 92,200	\$ -	\$ 92,200	\$ 73,312	\$ -	\$ 73,312
Membership - student	13,345	-	13,345	11,965	-	11,965
Membership - international	8,407	-	8,407	11,493	-	11,493
Renewals	138,171	-	138,171	137,813	-	137,813
Renewals - student	6,515	-	6,515	5,360	-	5,360
Renewals - international	10,904	-	10,904	8,008	-	8,008
Non-member journal subscriptions and advertising	6,532	-	6,532	9,987	-	9,987
Total membership revenue	276,074	-	276,074	257,938	-	257,938
Service expenses						
IRE Journal	33,353	-	33,353	31,916	-	31,916
Salary and personnel costs	128,553	-	128,553	131,084	-	131,084
Postage and shipping	1,400	-	1,400	1,500	-	1,500
Other	-	-	-	200	-	200
Total membership service expense	163,306	-	163,306	164,700	-	164,700
Net membership activity	112,768	-	112,768	93,238	-	93,238
Sales and services						
Book sales	25,893	-	25,893	24,152	20	24,172
Book costs	25,554	-	25,554	24,442	770	25,212
Net book activity	339	-	339	(290)	(750)	(1,040)
Resource center sales	9,202	-	9,202	4,231	-	4,231
Resource center expenses	68,353	-	68,353	49,102	-	49,102
Net resource center activity	(59,151)	-	(59,151)	(44,871)	-	(44,871)
Web services revenue	21,275	-	21,275	23,125	-	23,125
Current year contributions	20,000	-	20,000	20,000	-	20,000
Prior year contributions released from restrictions	20,000	-	20,000	20,000	-	20,000
Current year contributions not released from restrictions	(20,000)	-	(20,000)	(20,000)	-	(20,000)
Web services expenses	57,192	-	57,192	49,229	-	49,229
Net web services activity	(15,917)	-	(15,917)	(6,104)	-	(6,104)
Database library revenue	-	31,130	31,130	-	11,909	11,909
Database library expenses	-	82,383	82,383	-	82,131	82,131
Net database library activity	-	(51,253)	(51,253)	-	(70,222)	(70,222)
Uplink subscription revenue	-	7,290	7,290	-	7,200	7,200
Uplink expenses	-	-	-	-	50	50
Net uplink activity	-	7,290	7,290	-	7,150	7,150
Royalty revenue	4,189	-	4,189	6,690	-	6,690
Open Elections:						
Current year contributions	10,250	-	10,250	-	-	-
Prior year contributions released from restrictions	61,613	-	61,613	79,297	-	79,297
Current year contributions not released from restrictions	(10,250)	-	(10,250)	-	-	-
Open Election expenses	61,618	-	61,618	79,297	-	79,297
Net Open Election activity	(5)	-	(5)	-	-	-
Census:						
Prior year contributions released from restrictions	42,754	-	42,754	312,712	-	312,712
Census expenses	42,754	-	42,754	312,712	-	312,712
Net Census activity	-	-	-	-	-	-
Project Word:						
Current year contributions	97,520	-	97,520	-	-	-
Current year contributions not released from restrictions	(17,147)	-	(17,147)	-	-	-
Project Word expenses	80,373	-	80,373	-	-	-
Net Project Word activity	-	-	-	-	-	-
Google:						
Prior year contributions released from restrictions	5,975	-	5,975	-	-	-
Net Google activity	5,975	-	5,975	-	-	-
Document Cloud:						
Current year contributions	1,396,000	-	1,396,000	144,946	-	144,946
Prior year contributions released from restrictions	19,753	-	19,753	193,452	-	193,452
Current year contributions not released from restrictions	(1,002,952)	-	(1,002,952)	(19,753)	-	(19,753)
Document Cloud expenses:						
Total expenditures	412,802	-	412,802	318,698	-	318,698
Less website costs capitalized	(227,961)	-	(227,961)	(110,164)	-	(110,164)
Website depreciation expense	84,254	-	84,254	47,532	-	47,532
Net Document Cloud activity	143,706	-	143,706	62,579	-	62,579
Panda Project:						
Prior year contributions released from restrictions	710	-	710	5,106	-	5,106
Panda Project expenses	710	-	710	5,106	-	5,106
Net Panda Project activity	-	-	-	-	-	-
Net other sales and services revenue	4,613	-	4,613	1,765	-	1,765
Net sales and services activity	83,749	(43,963)	39,786	19,769	(63,822)	(44,053)

INVESTIGATIVE REPORTERS AND EDITORS, INC.

COMBINED SCHEDULE OF PROGRAM ACTIVITY AND FUNCTIONAL EXPENSES - CONTINUED
Years Ended June 30, 2015 and 2014

	2015			2014		
	IRE	NICAR	Total	IRE	NICAR	Total
Conferences and seminars						
National conference						
Registrations and fees	327,251	174,475	501,726	259,830	165,875	425,705
Optional CAR Day	-	13,825	13,825	-	-	-
Other revenues	20,171	11,570	31,741	14,826	24,830	39,656
Current year contributions	199,500	22,500	222,000	379,399	153,601	533,000
Prior year contributions released from restrictions	98,333	-	98,333	-	-	-
Current year contributions not released from restrictions	(5,000)	-	(5,000)	(187,861)	-	(187,861)
Total national conference revenues	640,255	222,370	862,625	466,194	344,306	810,500
Conference expenses	246,462	136,900	383,362	328,864	160,400	489,264
Net national conference activity	393,793	85,470	479,263	137,330	183,906	321,236
On the road seminars						
Registrations and fees	-	122,217	122,217	-	89,115	89,115
Current year contributions	-	174,250	174,250	-	154,250	154,250
Prior year contributions released from restrictions	-	106,124	106,124	-	107,663	107,663
Current year contributions not released from restrictions	-	(148,740)	(148,740)	-	(106,124)	(106,124)
Seminar expenses	-	253,858	253,858	-	174,362	174,362
Net on the road seminar activity	-	(7)	(7)	-	70,542	70,542
Bootcamps						
Registrations and fees	-	52,635	52,635	-	69,290	69,290
Seminar expenses	-	31,865	31,865	-	34,980	34,980
Net bootcamp activity	-	20,770	20,770	-	34,310	34,310
Watchdog conferences						
Registrations and fees	20,490	-	20,490	29,213	-	29,213
Current year contributions	80,000	-	80,000	80,500	-	80,500
Prior year contributions released from restrictions	80,000	-	80,000	77,000	-	77,000
Current year contributions not released from restrictions	(80,000)	-	(80,000)	(80,000)	-	(80,000)
Conference expenses	81,174	-	81,174	81,955	-	81,955
Net watchdog conference activity	19,316	-	19,316	24,758	-	24,758
Lumina						
Prior year contributions released from restrictions	17,461	-	17,461	-	-	-
Net lumina activity	17,461	-	17,461	-	-	-
Other conference and seminar expenses	5,223	-	5,223	12,818	-	12,818
Net other conference and seminar activity	(5,223)	-	(5,223)	(12,818)	-	(12,818)
Net conferences and seminars activity	425,347	106,233	531,580	149,270	288,758	438,028

INVESTIGATIVE REPORTERS AND EDITORS, INC.

COMBINED SCHEDULE OF PROGRAM ACTIVITY AND FUNCTIONAL EXPENSES - CONTINUED

Years Ended June 30, 2015 and 2014

	2015			2014		
	IRE	NICAR	Total	IRE	NICAR	Total
Other grants and contributions						
In-kind	12,000	-	12,000	12,000	-	12,000
Current year contributions	29,385	-	29,385	21,618	-	21,618
Total other grants and contributions	41,385	-	41,385	33,618	-	33,618
Other support and revenues						
Award contest fees	32,370	-	32,370	28,256	-	28,256
Award contest expenses	12,721	-	12,721	21,145	-	21,145
Net award contest activity	19,649	-	19,649	7,111	-	7,111
Investment return used in operations	(18,981)	-	(18,981)	300,052	-	300,052
Net other support and revenue	668	-	668	307,163	-	307,163
Net program activity	663,917	62,270	726,187	603,058	224,936	827,994
General and administrative expenses						
Salary and personnel costs	309,466	-	309,466	320,535	-	320,535
Professional services						
Consulting	6,114	-	6,114	20,540	-	20,540
Accounting	18,937	-	18,937	18,686	-	18,686
Legal	17,451	-	17,451	1,294	-	1,294
Total professional services	42,502	-	42,502	40,520	-	40,520
General office expenses						
Telephone and fax	4,533	3,288	7,821	5,255	1,556	6,811
Postage	7,088	3,358	10,446	3,534	691	4,225
Office supplies	2,880	-	2,880	5,347	-	5,347
Photocopying	3,290	-	3,290	3,258	-	3,258
Computer software and support	15,959	-	15,959	18,342	-	18,342
Equipment expense	284	-	284	248	-	248
Office space, utilities - in-kind	12,000	-	12,000	12,000	-	12,000
Credit card service fees	37,323	-	37,323	33,050	-	33,050
Other office expense	53,219	106	53,325	43,517	-	43,517
Total general office expense	136,576	6,752	143,328	124,551	2,247	126,798

INVESTIGATIVE REPORTERS AND EDITORS, INC.

COMBINED SCHEDULE OF PROGRAM ACTIVITY AND FUNCTIONAL EXPENSES - CONTINUED
 Years Ended June 30, 2015 and 2014

	2015		2014	
	IRE	NICAR	IRE	NICAR
Other expenses				
Publications				
Travel costs - board	120	-	352	-
Travel costs - staff	4,111	-	3,458	-
Non-program depreciation expense	3,011	-	3,544	-
Total other expenses	9,586	-	7,284	-
Total general and administrative expenses	16,828	-	14,638	-
Fund-raising expenses:	505,372	6,752	500,244	2,247
Salary and personnel costs	61,317	-	94,874	-
Total fund-raising expenses	61,317	-	94,874	-
Excess (deficiency) of operating revenues over expenses	97,228	55,518	7,940	222,689
Prior year contributions released from restrictions	(346,599)	(106,124)	(687,567)	(107,663)
Current year contributions not released from restrictions	1,284,089	-	413,738	-
Permanently restricted contributions	67,050	-	28,113	-
Investment return added to endowment	-	-	15,087	-
Total net assets (deficit), beginning	4,474,019	42,877	4,696,708	(72,149)
Total net assets (deficit), ending	\$ 5,575,787	\$ (7,729)	\$ 4,474,019	\$ 42,877
				\$ 4,516,896