

REPORT OF
INVESTIGATIVE REPORTERS
AND EDITORS, INC.
JUNE 30, 2014 and 2013



CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS

2005 West Broadway, Suite 100, Columbia, MO 65203
OFFICE (573) 442-6171 FAX (573) 777-7800

3220 West Edgewood, Suite E, Jefferson City, MO 65109
OFFICE (573) 635-6196 FAX (573) 644-7240

www.williamskeepers.com

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, 2014 and 2013, 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, 2014 and 2013, 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 15 through 18 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.

Williams - Keese LLC

January 27, 2015

INVESTIGATIVE REPORTERS AND EDITORS, INC.

STATEMENTS OF FINANCIAL POSITION

June 30, 2014 and 2013

ASSETS	<u>2014</u>	<u>2013</u>
Cash and cash equivalents	\$ 889,097	\$ 1,022,073
Accounts receivable	221,648	177,081
Prepaid expenses	22,384	16,564
Publications inventory	16,134	15,217
Pledges and grants receivable	193,906	301,988
Capital assets, net of accumulated depreciation ((\$251,180 for 2014 and \$196,364 for 2013))	225,754	165,580
Investments	<u>3,350,887</u>	<u>3,169,478</u>
Total assets	<u>\$ 4,919,810</u>	<u>\$ 4,867,981</u>
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts payable	\$ 382,389	\$ 236,917
Unearned revenues	<u>20,525</u>	<u>6,505</u>
Total liabilities	<u>402,914</u>	<u>243,422</u>
NET ASSETS		
Unrestricted	361,263	227,982
Temporarily restricted	900,516	1,184,660
Permanently restricted	<u>3,255,117</u>	<u>3,211,917</u>
Total net assets	<u>4,516,896</u>	<u>4,624,559</u>
Total liabilities and net assets	<u>\$ 4,919,810</u>	<u>\$ 4,867,981</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
(with summarized totals for 2013)

	Unrestricted	Temporarily Restricted	Permanently Restricted	2014 Total	2013 Total
OPERATING ACTIVITIES					
REVENUE AND OTHER SUPPORT					
Membership	\$ 257,938	\$ -	\$ -	\$ 257,938	\$ 237,052
Sales and services	79,092	-	-	79,092	139,432
Conferences and seminars	652,979	-	-	652,979	509,686
Contributions	33,618	932,696	-	966,314	1,204,064
Investment return	63	299,989	-	300,052	115,863
Awards contest entry fees	28,256	-	-	28,256	27,638
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>	<u>2,233,735</u>
EXPENSES					
Program:					
Member services	164,700	-	-	164,700	159,242
Sales and services	858,905	-	-	858,905	542,921
Conferences and seminars	793,379	-	-	793,379	593,254
Awards contest	21,145	-	-	21,145	9,954
Total program expense	1,838,129	-	-	1,838,129	1,305,371
General and administrative	502,491	-	-	502,491	416,179
Fund-raising	94,874	-	-	94,874	91,368
Total expenses	<u>2,435,494</u>	<u>-</u>	<u>-</u>	<u>2,435,494</u>	<u>1,812,918</u>
Excess (deficiency) of operating revenues and other support over expenses	133,281	(284,144)	-	(150,863)	420,817
NONOPERATING ACTIVITIES					
Contributions	-	-	28,113	28,113	9,308
Investment return	-	-	15,087	15,087	26,826
Increase (decrease) in net assets	133,281	(284,144)	43,200	(107,663)	456,951
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>	<u>4,167,608</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>	<u>\$ 4,624,559</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, 2013

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
OPERATING ACTIVITIES				
REVENUE AND OTHER SUPPORT				
Membership	\$ 237,052	\$ -	\$ -	\$ 237,052
Sales and services	139,432	-	-	139,432
Conferences and seminars	509,686	-	-	509,686
Contributions	73,397	1,130,667	-	1,204,064
Investment return	125	115,738	-	115,863
Awards contest entry fees	27,638	-	-	27,638
Net assets released from restrictions	1,033,540	(1,033,540)	-	-
	<u>2,020,870</u>	<u>212,865</u>	<u>-</u>	<u>2,233,735</u>
Total revenue and other support				
EXPENSES				
Program:				
Member services	159,242	-	-	159,242
Sales and services	542,921	-	-	542,921
Conferences and seminars	593,254	-	-	593,254
Awards contest	9,954	-	-	9,954
	<u>1,305,371</u>	<u>-</u>	<u>-</u>	<u>1,305,371</u>
General and administrative	416,179	-	-	416,179
Fund-raising	91,368	-	-	91,368
	<u>1,812,918</u>	<u>-</u>	<u>-</u>	<u>1,812,918</u>
Total expenses				
Excess (deficiency) of operating revenues and other support over expenses	207,952	212,865	-	420,817
NONOPERATING ACTIVITIES				
Contributions	-	-	9,308	9,308
Investment return	-	-	26,826	26,826
Increase in net assets	207,952	212,865	36,134	456,951
Net assets at beginning of year	20,030	971,795	3,175,783	4,167,608
Net assets at end of year	<u>\$ 227,982</u>	<u>\$ 1,184,660</u>	<u>\$ 3,211,917</u>	<u>\$ 4,624,559</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, 2014 and 2013

	2014	2013
OPERATING ACTIVITIES		
(Decrease) increase in net assets	\$ (107,663)	\$ 456,951
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation expense	54,816	23,952
Realized and unrealized investment (gain) loss	(171,813)	636
Permanently restricted contributions	(28,113)	(9,308)
Reinvested endowment earnings	(15,087)	(26,826)
(Increases) decreases in operating assets and increases (decreases) in operating liabilities:		
Accounts receivable	(44,567)	(48,086)
Pledges and grants receivable	108,082	(66,417)
Prepaid expenses	(5,820)	(863)
Publications inventory	(917)	(663)
Accounts payable	145,472	29,113
Unearned revenues	14,020	(52,415)
Net cash provided (used) by operating activities	(51,590)	306,074
INVESTING ACTIVITIES		
Capital asset additions	(114,990)	(149,827)
Purchases of investments	(596,431)	(529,859)
Sales of investments	586,835	515,687
Net cash (used) by investing activities	(124,586)	(163,999)
FINANCING ACTIVITIES		
Cash collected from permanently restricted contributions	43,200	59,281
Net cash provided by financing activities	43,200	59,281
Net (decrease) increase in cash and cash equivalents	(132,976)	201,356
Cash and cash equivalents, beginning of year	1,022,073	820,717
Cash and cash equivalents, end of year	\$ 889,097	\$ 1,022,073

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, 2014 and 2013 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, 2011 through 2014. 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.

Reclassifications: Certain amounts in the Statement of Activities for the year ended June 30, 2013 have been reclassified from amounts presented in the previously issued financial statements for that year in order to be consistent with the current year presentation.

Subsequent events: Events that occurred subsequent to June 30, 2014 have been evaluated through January 27, 2015, which is the date the financial statements were available to be issued.

2. CASH AND INVESTMENTS

	2014	2013
Cash and cash equivalents:		
Checking	\$ 480,255	\$ 720,159
Money market funds	408,367	301,439
Petty cash fund	475	475
Total cash and cash equivalents	<u>\$ 889,097</u>	<u>\$ 1,022,073</u>
Long-term investment portfolio:		
Cash and money market funds	\$ 205,356	\$ 450,767
Common and preferred stocks	854,877	779,051
Corporate and municipal bonds	2,290,654	1,939,660
Total long-term investments	<u>\$ 3,350,887</u>	<u>\$ 3,169,478</u>
Components of investment return:		
Interest and dividends, less investment fees	\$ 143,326	\$ 143,325
Net investment gains (losses)	171,813	(636)
	<u>\$ 315,139</u>	<u>\$ 142,689</u>

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 financial statement disclosures about fair value measurements. 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, 2014 and 2013, 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
2014:				
Cash and money market funds	\$ 205,356	\$ 205,356	\$ -	\$ -
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	\$ 3,350,887	\$ 1,060,233	\$ 2,290,654	\$ -

Description	Total	Level 1	Level 2	Level 3
2013:				
Cash and money market funds	\$ 450,767	\$ 450,767	\$ -	\$ -
Common and preferred stocks:				
Financial services	60,497	60,497	-	-
Industrial materials	147,596	147,596	-	-
Energy	126,964	126,964	-	-
Transportation	6,457	6,457	-	-
Utilities	108,685	108,685	-	-
Health Care	84,270	84,270	-	-
Consumer goods	15,398	15,398	-	-
Communications	165,259	165,259	-	-
Construction	31,332	31,332	-	-
Food and Beverage	32,593	32,593	-	-
Corporate bonds	1,872,570	-	1,872,570	-
Municipal bonds	67,090	-	67,090	-
Total investments	<u>\$ 3,169,478</u>	<u>\$ 1,229,818</u>	<u>\$ 1,939,660</u>	<u>\$ -</u>

Level 1 classifications for IRE consist of cash equivalents, common stock, and preferred stock based on readily determinable fair values based upon quoted prices in active markets.

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

4. CAPITAL ASSETS

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

	2014	2013
Computers and other equipment	\$ 117,421	\$ 112,595
IRE website	15,000	15,000
Document Cloud website	234,349	91,750
Total in service, at cost	366,770	219,345
Less accumulated depreciation	(251,180)	(196,364)
Total, net of depreciation	115,590	22,981
Document Cloud website improvements not yet placed in service	110,164	142,599
Total capital assets, net of depreciation	<u>\$ 225,754</u>	<u>\$ 165,580</u>

Depreciation expense of \$54,816 and \$23,952 was recorded for the years ended June 30, 2014 and 2013, 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, 2014 and 2013, which are from foundations and news organizations were as follows:

	2014	2013
Due in one year or less	\$ 110,572	\$ 301,988
Due in two through five years	83,334	-
Net pledges and grants receivable	<u>\$ 193,906</u>	<u>\$ 301,988</u>

6. TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets represent resources either expendable only for those purposes specified by the donor or subject to a donor's time restrictions on availability for expenditure. The following represent the temporarily restricted net assets at June 30, 2014 and 2013:

	2014	2013
Non-endowment contributions:		
John S. and James L. Knight Foundation grants:		
Conference support	\$ 167,808	\$ -
Panda project	10,077	15,183
Document Cloud original grant	-	64,545
Document Cloud additional grants (see note below)	19,753	111,305
Open Elections	69,677	148,974
Census	68,238	380,949
Ethics & Excellence grants:		
Watchdog Workshops support for 2014	100,000	-
Watchdog Workshops support for 2013	8,000	100,000
Watchdog Workshops support for 2012	-	5,000
Lumina Foundation grants:		
Sponsor training to increase campus coverage of college completion and productivity issues	17,461	17,461
Conference support	15,000	-
McCormick Foundation: to be used for community pilot program	19,253	45,000
Gannett Foundation: Contest awards	5,000	-
Google, Inc: sponsorship for scholarships	5,975	5,975
The Kohlberg Foundation	86,871	62,663
Open Society Institute:		
Document Cloud	-	17,602
Support the creation of International Brotherhood of Teamsters archives	-	1,135
Accumulated unappropriated earnings on endowment funds (see Note 7)	<u>307,403</u>	<u>208,868</u>
Total temporarily restricted net assets	<u>\$ 900,516</u>	<u>\$ 1,184,660</u>

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. No funds had been received as of June 30, 2014, and because the grant period did not start until July 1, 2014, no revenue for the grant has been recognized in the accompanying financial statements.

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:

	2014	2013
Expenditures meeting purpose restrictions:		
From non-endowment contributions	\$ 1,315,376	\$ 888,540
From accumulated earnings on endowment funds	150,000	145,000
Reclassification of reserve funds	51,453	-
	\$ 1,516,829	\$ 1,033,540

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, 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. There were no such deficiencies as of June 30, 2014 and 2013.

The following is a summary of changes in endowment funds for the years ended June 30, 2014 and 2013. All endowment funds are donor-restricted.

	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets, July 1, 2012	\$ 238,130	\$ 3,175,783	\$ 3,413,913
Investment return:			
Investment income, net	116,374	26,826	143,200
Net (depreciation) - realized and unrealized	(636)	-	(636)
Contributions	-	9,308	9,308
Appropriated for expenditures	(145,000)	-	(145,000)
Endowment net assets, June 30, 2013	208,868	3,211,917	3,420,785
Investment return:			
Investment income, net	128,175	15,087	143,262
Net appreciation - 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	<u>\$ 307,403</u>	<u>\$ 3,255,117</u>	<u>\$ 3,562,520</u>

The following is a summary of changes in endowments by net asset classification for the years ended June 30, 2014 and 2013:

	Long-term Investment Portfolio	Temporary Cash Funds	Pledges Receivable	Total
Balance, July 1, 2012	\$ 3,155,942	\$ 232,586	\$ 25,385	\$ 3,413,913
Contributions and change in discount	-	7,455	1,853	9,308
Pledge collections	-	25,000	(25,000)	-
Investment return:				
Income	143,200	-	-	143,200
Appreciation (depreciation)	(636)	-	-	(636)
Expenditures	(145,000)	-	-	(145,000)
Transfers	15,972	(15,972)	-	-
Balance, June 30, 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	<u>\$ 3,350,808</u>	<u>\$ 211,712</u>	<u>\$ -</u>	<u>\$ 3,562,520</u>

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>2014</u>	<u>2013</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	\$ 1,472,369
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	80,449	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>627,830</u>	<u>599,717</u>
Total permanently restricted portion of donor restricted endowment funds	<u>\$ 3,255,117</u>	<u>\$ 3,211,917</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, 2014 and 2013, 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
For the Years Ended June 30, 2014 and 2013

	2014			2013		
	IRE	NICAR	Total	IRE	NICAR	Total
Membership						
Revenue						
Membership	\$ 73,312	\$ -	\$ 73,312	\$ 54,092	\$ -	\$ 54,092
Membership - student	11,965	-	11,965	9,855	-	9,855
Membership - international	11,493	-	11,493	12,213	-	12,213
Renewals	137,813	-	137,813	141,768	-	141,768
Renewals - student	5,360	-	5,360	3,220	-	3,220
Renewals - international	8,008	-	8,008	4,518	-	4,518
Non-member journal subscriptions and advertising	9,987	-	9,987	11,386	-	11,386
Total membership revenue	257,938	-	257,938	237,052	-	237,052
Service expenses						
IRE Journal	31,916	-	31,916	37,534	-	37,534
Salary and personnel costs	131,084	-	131,084	120,416	-	120,416
Postage and shipping	1,500	-	1,500	1,292	-	1,292
Other	200	-	200	-	-	-
Total membership service expense	164,700	-	164,700	159,242	-	159,242
Net membership activity	93,238	-	93,238	77,810	-	77,810
Sales and services						
Book sales	24,152	20	24,172	18,966	260	19,226
Book costs	24,442	770	25,212	21,722	161	21,883
Net book activity	(290)	(750)	(1,040)	(2,756)	99	(2,657)
Resource center sales	4,231	-	4,231	5,415	-	5,415
Resource center expenses	49,102	-	49,102	47,892	-	47,892
Net resource center activity	(44,871)	-	(44,871)	(42,477)	-	(42,477)
Web services revenue	23,125	-	23,125	19,700	-	19,700
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)	-	-	-
Web services expenses	49,229	-	49,229	43,131	-	43,131
Net web services activity	(6,104)	-	(6,104)	16,569	-	16,569
Database library revenue	-	11,909	11,909	-	78,920	78,920
Database library expenses	-	82,131	82,131	-	96,545	96,545
Net database library activity	-	(70,222)	(70,222)	-	(17,625)	(17,625)
Uplink subscription revenue	-	7,200	7,200	-	6,845	6,845
Uplink expenses	-	50	50	-	-	-
Net uplink activity	-	7,150	7,150	-	6,845	6,845
Royalty revenue	6,690	-	6,690	5,682	-	5,682
Open Elections:						
Current year contributions	-	-	-	200,000	-	200,000
Prior year contributions released from restrictions	79,297	-	79,297	-	-	-
Current year contributions not released from restrictions	-	-	-	(148,974)	-	(148,974)
Open Election expenses	79,297	-	79,297	51,026	-	51,026
Net Open Election activity	-	-	-	-	-	-
Census:						
Current year contributions	-	-	-	449,750	-	449,750
Prior year contributions released from restrictions	312,712	-	312,712	-	-	-
Current year contributions not released from restrictions	-	-	-	(380,950)	-	(380,950)
Census expenses	312,712	-	312,712	68,800	-	68,800
Net Census activity	-	-	-	-	-	-
Google:						
Current year contributions	-	-	-	50,000	-	50,000
Current year contributions not released from restrictions	-	-	-	(5,975)	-	(5,975)
Google expenses	-	-	-	44,025	-	44,025
Net Google activity	-	-	-	-	-	-
Document Cloud:						
Current year contributions	144,946	-	144,946	-	-	-
Prior year contributions released from restrictions	193,452	-	193,452	260,021	-	260,021
Current year contributions not released from restrictions	(19,753)	-	(19,753)	-	-	-
Document Cloud expenses						
Total expenditures	318,698	-	318,698	260,021	-	260,021
Less website costs capitalized	(110,164)	-	(110,164)	(142,599)	-	(142,599)
Website depreciation expense	47,532	-	47,532	15,292	-	15,292
Net Document Cloud activity	62,579	-	62,579	127,307	-	127,307
Panda Project:						
Prior year contributions released from restrictions	5,106	-	5,106	37,000	-	37,000
Panda Project expenses	5,106	-	5,106	36,905	-	36,905
Net Panda Project activity	-	-	-	95	-	95
Net other sales and services revenue	1,765	-	1,765	3,644	-	3,644
Net sales and services activity	19,769	(63,822)	(44,053)	108,064	(10,681)	97,383

INVESTIGATIVE REPORTERS AND EDITORS, INC.

COMBINED SCHEDULE OF PROGRAM ACTIVITY AND FUNCTIONAL EXPENSES - CONTINUED
For the Years Ended June 30, 2014 and 2013

	2014			2013		
	IRE	NICAR	Total	IRE	NICAR	Total
Conferences and seminars						
National conference						
Registrations and fees	259,830	165,875	425,705	199,925	93,105	293,030
Optional CAR Day	-	-	-	-	7,310	7,310
Other revenues	14,826	24,830	39,656	21,516	21,138	42,654
Current year contributions	379,399	153,601	533,000	193,917	37,000	230,917
Prior year contributions released from restrictions	-	-	-	30,000	-	30,000
Current year contributions not released from restrictions	(187,861)	-	(187,861)	-	-	-
Total national conference revenues	466,194	344,306	810,500	445,358	158,553	603,911
Conference expenses	328,864	160,400	489,264	208,853	117,390	326,243
Net national conference activity	137,330	183,906	321,236	236,505	41,163	277,668
On the road seminars						
Registrations and fees	-	89,115	89,115	-	97,107	97,107
Current year contributions	-	154,250	154,250	-	100,000	100,000
Prior year contributions released from restrictions	-	107,663	107,663	-	40,000	40,000
Current year contributions not released from restrictions	-	(106,124)	(106,124)	-	(62,663)	(62,663)
Seminar expenses	-	174,362	174,362	-	142,948	142,948
Net on the road seminar activity	-	70,542	70,542	-	31,496	31,496
Bootcamps						
Registrations and fees	-	69,290	69,290	-	51,140	51,140
Seminar expenses	-	34,980	34,980	-	38,799	38,799
Net bootcamp activity	-	34,310	34,310	-	12,341	12,341
Watchdog conferences						
Registrations and fees	29,213	-	29,213	18,445	-	18,445
Current year contributions	80,500	-	80,500	80,000	-	80,000
Prior year contributions released from restrictions	77,000	-	77,000	75,000	-	75,000
Current year contributions not released from restrictions	(80,000)	-	(80,000)	(80,000)	-	(80,000)
Conference expenses	81,955	-	81,955	74,038	-	74,038
Net watchdog conference activity	24,758	-	24,758	19,407	-	19,407
Lumina						
Prior year contributions released from restrictions	-	-	-	6,080	-	6,080
Conference expenses	-	-	-	6,080	-	6,080
Net lumina activity	-	-	-	-	-	-
Other conference and seminar expenses	12,818	-	12,818	5,146	-	5,146
Net other conference and seminar activity	(12,818)	-	(12,818)	(5,146)	-	(5,146)
Net conferences and seminars activity	149,270	288,758	438,028	250,766	85,000	335,766

INVESTIGATIVE REPORTERS AND EDITORS, INC.

COMBINED SCHEDULE OF PROGRAM ACTIVITY AND FUNCTIONAL EXPENSES - CONTINUED

For the Years Ended June 30, 2014 and 2013

	2014			2013		
	IRE	NICAR	Total	IRE	NICAR	Total
Other grants and contributions						
In-kind	12,000	-	12,000	12,000	-	12,000
Current year contributions	21,618	-	21,618	61,397	-	61,397
Total other grants and contributions	33,618	-	33,618	73,397	-	73,397
Other support and revenues						
Award contest fees	28,256	-	28,256	27,638	-	27,638
Award contest expenses	21,145	-	21,145	9,954	-	9,954
Net award contest activity	7,111	-	7,111	17,684	-	17,684
Investment return used in operations	300,052	-	300,052	115,863	-	115,863
Net other support and revenue	307,163	-	307,163	133,547	-	133,547
Net program activity	603,058	224,936	827,994	643,584	74,319	717,903
General and administrative expenses						
Salary and personnel costs	320,535	-	320,535	250,779	-	250,779
Professional services						
Consulting	20,540	-	20,540	21,527	-	21,527
Accounting	18,686	-	18,686	19,125	-	19,125
Legal	1,294	-	1,294	630	-	630
Total professional services	40,520	-	40,520	41,282	-	41,282
General office expenses						
Telephone and fax	5,255	1,556	6,811	4,876	2,389	7,265
Postage	3,534	691	4,225	4,985	29	5,014
Office supplies	5,347	-	5,347	7,095	-	7,095
Photocopying	3,258	-	3,258	2,258	-	2,258
Computer software and support	18,342	-	18,342	17,908	-	17,908
Equipment expense	248	-	248	2,708	-	2,708
Office space, utilities - in-kind	12,000	-	12,000	12,000	-	12,000
Credit card service fees	33,050	-	33,050	24,202	-	24,202
Other office expense	43,517	-	43,517	29,104	-	29,104
Total general office expense	124,551	2,247	126,798	105,136	2,418	107,554

INVESTIGATIVE REPORTERS AND EDITORS, INC.

COMBINED SCHEDULE OF PROGRAM ACTIVITY AND FUNCTIONAL EXPENSES - CONTINUED
For the Years Ended June 30, 2014 and 2013

	2014			2013		
	IRE	NICAR	Total	IRE	NICAR	Total
Other expenses						
Publications	352	-	352	947	-	947
Travel costs - board	3,458	-	3,458	3,769	-	3,769
Travel costs - staff	3,544	-	3,544	3,188	-	3,188
Non-program depreciation expense	7,284	-	7,284	8,660	-	8,660
Total other expenses	14,638	-	14,638	16,564	-	16,564
Total general and administrative expenses	500,244	2,247	502,491	413,761	2,418	416,179
Fund-raising expenses:						
Salary and personnel costs	94,874	-	94,874	87,885	-	87,885
Other	-	-	-	3,483	-	3,483
Total fund-raising expenses	94,874	-	94,874	91,368	-	91,368
Excess (deficiency) of operating revenues over expenses	7,940	222,689	230,629	138,455	71,901	210,356
Prior year contributions released from restrictions	(687,567)	(107,663)	(795,230)	(408,101)	(40,000)	(448,101)
Current year contributions not released from restrictions	413,738	-	413,738	658,562	-	658,562
Permanently restricted contributions	28,113	-	28,113	9,308	-	9,308
Investment return added to endowment	15,087	-	15,087	26,826	-	26,826
Total net assets (deficit), beginning	4,696,708	(72,149)	4,624,559	4,271,658	(104,050)	4,167,608
Total net assets (deficit), ending	\$ 4,474,019	\$ 42,877	\$ 4,516,896	\$ 4,696,708	\$ (72,149)	\$ 4,624,559