



CENTER FOR INVESTIGATIVE REPORTING

Financial Statements

*For the Year Ended
December 31, 2014*

With Independent Auditors' Report

CENTER FOR INVESTIGATIVE REPORTING, INC.

(A California Not-For-Profit Corporation)

December 31, 2014

History

Founded in 1977, CIR is nationally respected for setting the highest journalistic standards, and for our signature approach to investigative reporting and collaboration. CIR partners with numerous other media organizations, prioritizes impact over exclusivity, engages with the public and track results. To reach a broad and diverse audience worldwide, we publish our stories online, as well as for print, television, radio/audio, video and live events.

Our work has been recognized for its excellence, groundbreaking creativity and impact. Recent awards include: an Emmy Award for New Approaches to Current News Coverage, a George Foster Peabody Award, a Military Reporters and Editors Award, a Barlett & Steele Gold Award for Investigative Business Journalism, two Alfred I. DuPont-Columbia University Awards, a George Polk Award for Exemplary Achievement in Journalism, two IRE Awards for Multiplatform Journalism and an Edward R. Murrow Award for Investigative Reporting. We were a finalist for the Pulitzer Prize in 2012 and 2013 and a recipient of the 2012 MacArthur Award for Creative and Effective Institutions.

Mission

The mission of The Center for Investigative Reporting is to engage and empower the public through investigative journalism and groundbreaking storytelling in order to spark action, improve lives and protect our democracy.

Business

CIR is among the most innovative, credible and relevant media organizations in the country. Our award-winning journalists hold the powerful accountable and reveal government fraud and waste of taxpayer funds, human rights violations, environmental degradation and threats to public safety. We consistently shine a bright light on injustice and protect the most vulnerable in our society.

Reveal - our website, public radio program, podcast and social media platform - is where we publish our multiplatform work. With PRX, CIR co-produces the nationally distributed Reveal radio show and podcast. Reveal features CIR's reporting, as well as stories from public radio stations and a wide range of media partners, both nonprofit and commercial.

From the San Francisco Bay Area epicenter of technological and creative innovation, CIR's reporting ignites real-world change as evidenced by civil and criminal investigations, new laws and policies, the instigation of public discourse and solutions-oriented community action.

Center for Investigative Reporting - Board of Directors

Name	Position	Name	Position
Phil Bronstein	Executive Chair	Suzette Clarke	Board Member
Jeff Ubben	Vice Chair	Stephen Davis	Board Member
Jonathan Logan	Vice Chair	Susan Hirsch	Board Member
Jillian Manus	Vice Chair	Pete Kim	Board Member
Tom Lockard	Treasurer	Justin Nyweide	Board Member
Susan Sachs	Secretary	Christian Selchau-Hansen	Board Member
Roy Bahat	Board Member	Gabriel Stricker	Board Member
David Boardman	Board Member	Howard Zack	Board Member

REGALIA & ASSOCIATES
CERTIFIED PUBLIC ACCOUNTANTS

CENTER FOR INVESTIGATIVE REPORTING, INC.

(A California Not-For-Profit Corporation)
December 31, 2014

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INDEPENDENT AUDITORS' REPORT

**The Board of Directors
Center for Investigative Reporting, Inc.**

We have audited the accompanying financial statements of Center for Investigative Reporting, Inc. (a nonprofit organization) which comprise the statements of financial position as of December 31, 2014 and 2013 and the related statements of activities and changes in net assets, cash flows and functional expenses for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Center for Investigative Reporting, Inc. as of December 31, 2014 and 2013, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

The prior year summarized comparative information has been derived from Center for Investigative Reporting, Inc.'s December 31, 2013 financial statements. In our report dated May 5, 2014, we expressed an unqualified opinion on those financial statements.

**Danville, California
March 20, 2015**

Regalia & Associates

CENTER FOR INVESTIGATIVE REPORTING, INC.

**Statements of Financial Position
December 31, 2014 and 2013**

ASSETS	Dec. 31, 2014	Dec. 31, 2013
Current assets:		
Cash and cash equivalents	\$ 1,188,767	\$ 1,377,126
Restricted cash	73,136	83,442
Investments	-	502,490
Accounts receivable (net of an allowance for doubtful accounts of \$21,605 and \$32,571 at December 31, 2014 and 2013, respectively)	171,811	592,287
Grants and pledges receivable	1,940,000	1,986,429
Prepaid expenses and other current assets	158,684	139,843
Total current assets	3,532,398	4,681,617
Noncurrent assets:		
Grants and pledges receivable, net of discount	1,413,894	400,603
Deposits	46,570	57,302
Property, equipment and improvements, net	429,470	447,406
Total noncurrent assets	1,889,934	905,311
	\$ 5,422,332	\$ 5,586,928
 LIABILITIES AND NET ASSETS		
Current liabilities:		
Accounts payable and accrued expenses	\$ 247,997	\$ 425,943
Accrued payroll liabilities	317,947	398,527
Deferred Rent	73,263	28,975
Fiscal sponsorship liabilities	38,070	75,515
Total current liabilities	677,277	928,960
Net assets:		
Unrestricted	(904,756)	904,432
Temporarily restricted	5,649,811	3,753,536
Total net assets	4,745,055	4,657,968
	\$ 5,422,332	\$ 5,586,928

CENTER FOR INVESTIGATIVE REPORTING, INC.

**Statement of Activities and Changes in Net Assets
For the Year Ended December 31, 2014**

(with Summarized Financial Information For the Year Ended December 31, 2013)

<i>Changes in net assets:</i>	Unrestricted Net Assets	Temporarily Restricted Net Assets	Total Dec. 31, 2014	Total Dec. 31, 2013
Revenue and support:				
Contributed income:				
Contributions/donations	\$ 949,208	\$ 1,906,030	\$ 2,855,238	\$ 6,811,151
Grants	1,814,859	5,139,267	6,954,126	386,097
Corporate Sponsorships	40,611	-	40,611	35,000
Change in discount for multi-year receivables	-	(61,709)	(61,709)	43,769
Net assets released from restrictions	5,087,313	(5,087,313)	-	-
Total contributed income	<u>7,891,991</u>	<u>1,896,275</u>	<u>9,788,266</u>	<u>7,276,017</u>
Earned income:				
Advertising	6,577	-	6,577	12,749
Content fees	395,839	-	395,839	357,258
Investment income	7,795	-	7,795	27,199
Unrealized gain (losses) on investments	19	-	19	(3,709)
Royalties	5,469	-	5,469	10,921
Fiscal Sponsorship	37,445	-	37,445	14,853
Gain (loss) on disposal of fixed assets	(1,336)	-	(1,336)	1,014
Other	22,478	-	22,478	24,310
Total earned income	<u>474,286</u>	<u>-</u>	<u>474,286</u>	<u>444,595</u>
 Total revenue and support	 <u>8,366,277</u>	 <u>1,896,275</u>	 <u>10,262,552</u>	 <u>7,720,612</u>
 Expenses:				
Program services	7,548,886	-	7,548,886	8,150,190
General and administrative	2,087,731	-	2,087,731	1,812,064
Development	538,848	-	538,848	564,275
 Total expenses	 <u>10,175,465</u>	 <u>-</u>	 <u>10,175,465</u>	 <u>10,526,529</u>
 Increase (decrease) in net assets	 (1,809,188)	 1,896,275	 87,087	 (2,805,917)
Net assets at beginning of year	904,432	3,753,536	4,657,968	7,463,885
Net assets at end of year	<u>\$ (904,756)</u>	<u>\$ 5,649,811</u>	<u>\$ 4,745,055</u>	<u>\$ 4,657,968</u>

CENTER FOR INVESTIGATIVE REPORTING, INC.

**Statements of Cash Flows
For the Years Ended December 31, 2014 and 2013**

	Dec. 31, 2014	Dec. 31, 2013
<i>Operating activities:</i>		
Increase (decrease) in net assets	\$ 87,087	\$ (2,805,917)
Adjustments to reconcile to cash provided by (used for) operating activities:		
Depreciation	188,447	80,603
Change in discount for multi-year receivables	61,709	(43,769)
Changes in:		
Accounts receivable	420,476	(482,042)
Grants and pledges receivable	(1,028,571)	483,071
Prepaid expenses and other current assets	(18,841)	(33,557)
Deposits	10,732	(13,903)
Accounts payable and accrued expenses	(177,946)	325,992
Accrued payroll liabilities	(80,580)	119,116
Deferred rent	44,288	28,975
Fiscal sponsorship liabilities	(37,445)	(14,853)
Cash used for operating activities	(530,644)	(2,356,284)
<i>Investing activities:</i>		
Disposition of investments, net	502,490	1,592,332
Transfers involving restricted cash	10,306	(21,749)
Additions to property, equipment and improvements	(170,511)	(387,742)
Cash provided by investing activities	342,285	1,182,841
Decrease in cash and cash equivalents	(188,359)	(1,173,443)
Cash and cash equivalents at beginning of year	1,377,126	2,550,569
Cash and cash equivalents at end of year	\$ 1,188,767	\$ 1,377,126
<i>Additional cash flow information:</i>		
State filing taxes paid	\$ 150	\$ 150
Interest paid	\$ -	\$ -

CENTER FOR INVESTIGATIVE REPORTING, INC.

**Statement of Functional Expenses
For the Year Ended December 31, 2014**

(with Summarized Financial Information For the Year Ended December 31, 2013)

	Programs	Management and General	Develop- ment	Total 2014	Total 2013
Accounting and auditing	\$ -	\$ 71,617	\$ -	\$ 71,617	\$ 41,315
Bad debt expense	-	-	-	-	33,483
Computer related expenses	15,453	38,770	1,818	56,041	57,718
Contractors	692,878	51,800	-	744,678	837,926
Depreciation	152,235	29,309	6,903	188,447	80,603
Event planning and expenses	3,956	-	4,090	8,046	7,592
Human resources and recruitment	19,675	5,757	-	25,432	29,160
Insurance	19,348	70,791	-	90,139	51,328
Legal	80,981	23,378	-	104,359	83,505
Occupancy	81,335	470,952	-	552,287	327,907
Office supplies and equipment	5,699	24,571	719	30,989	42,875
Other	5,061	13,326	-	18,387	33,028
Postage, printing and photocopy	12,788	2,896	8,942	24,626	37,333
Project and production expenses	292,711	50,166	4,951	347,828	603,190
Public relations and promotion	10,900	44,952	-	55,852	45,000
Reporter Grants	5,139	-	-	5,139	87,855
Salaries and related expenses	5,760,676	1,095,305	452,243	7,308,224	7,659,254
Telephone and internet	15,535	59,056	16	74,607	74,551
Travel	374,516	35,085	59,166	468,767	392,906
Totals	\$ 7,548,886	\$ 2,087,731	\$ 538,848	\$10,175,465	\$ 10,526,529

Notes to Financial Statements
December 31, 2014

1. Organization

Center for Investigative Reporting, Inc. (CIR) was incorporated in California 1977 as a nonprofit public benefit corporation. CIR believes journalism that moves citizens to action is an essential pillar of democracy. On April 30, 2012, CIR merged with the Bay Area News Project (the Bay Citizen) and all of the Bay Citizen's assets, liabilities and net assets were transferred to CIR effective May 1, 2012.

The mission of CIR is to reveal injustice and abuse of power through the tools of journalism, to provide the public with the information needed to participate in democracy and bring about needed reforms.

2. Summary of Significant Accounting Policies

Basis of Accounting

The financial statements of CIR have been prepared on the accrual basis of accounting and, accordingly, reflect all significant receivables, payables and other liabilities.

Basis of Presentation

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board in its Accounting Standards Codification (ASC) 958.205, *Presentation of Financial Statements of Not-for-Profit Entities*. Under ASC 958.205, CIR is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets and permanently restricted net assets.

Use of Estimates

The preparation of 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 and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of support, revenues, and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

CIR considers all highly liquid investments with a maturity commitment of 90 days or less when acquired to be cash equivalents. CIR maintains its cash balances in high quality financial institutions, which at times may exceed federally insured limits. CIR has not experienced any losses in such accounts.

Notes to Financial Statements

2. Summary of Significant Accounting Policies *(continued)*

Property, Equipment, and Improvements

Property and equipment are valued at cost or, if donated, at fair market value on the date of donation. Depreciation is provided by use of the straight-line method over the estimated useful lives of the assets. The cost of property and equipment which exceeds a certain dollar threshold is capitalized and depreciated over the estimated useful life of each class of depreciable asset.

Fair Values

CIR follows the provisions of ASC 820, *Fair Value Measurements and Disclosures*, and has estimated the fair value of its current assets using available market information and other valuation methodologies. Accordingly, the estimates presented are not necessarily indicative of the amounts that CIR could realize in a current market exchange. The use of different assumptions and/or estimation methods may have a material effect on the estimated fair value amounts. The estimates are based on pertinent information available to management as of December 31, 2014. Although management is not aware of any factors that would significantly affect the estimated fair value amounts, current estimates of fair value may differ significantly from the statements presented.

Net Assets

In accordance with accounting principles generally accepted in the United States of America, financial statements must present classes of net assets based on the following categories: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. Grants and contributions are classified in the appropriate net asset category based on the absence or existence of donor-imposed restrictions that limit the use of the donated assets if they are designated as support for future periods or future projects when they are received.

CIR reports gifts of cash and other assets as temporarily restricted support if they are received with donor stipulations that limit the use of the donated assets or if they are designated as support for future periods. When a donor's intended purpose is met or a time restriction expires, the temporarily restricted net asset is transferred to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. Donor-restricted contributions where restrictions are met in the same reporting period in which they are contributed are reported as unrestricted support.

Permanently restricted net assets include those net assets that must be maintained in perpetuity in accordance with donor restrictions. The investment return from such assets may be used for purposes as specified by the donor or, if the donor has not specified a purpose, the income from such investments is not restricted and is included in unrestricted net assets. CIR had no permanently restricted net assets as of December 31, 2014 and 2013.

Unrestricted net assets include all of those donated assets that have no restrictions or limitations imposed on their use. The Board of Directors may elect certain unrestricted funds to be set aside as Board designated funds, which may not be spent without approval by the Board. No such funds were set-aside at December 31, 2014 and 2013.

Notes to Financial Statements

2. Summary of Significant Accounting Policies *(continued)*

Revenue and Support Recognition

CIR receives revenue from a variety of sources, including contributed income and royalties from published material.

CIR records contributions in accordance with the recommendations of ASC 958.605, *Revenue Recognition of Not-for-Profit Entities*. Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restrictions, as discussed below under "Contributions."

Contributions

Contributions received and unconditional promises to give are measured at their fair values and are reported as an increase in unrestricted net assets. CIR reports gifts of cash and other assets as temporarily restricted support if they are received with donor stipulations that limit the use of the donated assets or if they are designated as support for future periods.

When a donor's intended purpose is met or a time restriction expires, the temporarily restricted net asset is transferred to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. Contributions in which the donor restrictions are never relieved are recorded as permanently restricted support.

Donor-restricted contributions where restrictions are met in the same reporting period in which they are contributed are reported as unrestricted support.

Donated property is recorded at the estimated fair value at the date of receipt. CIR reports gifts of property as unrestricted support unless explicit donor stipulations specify how the donated assets are to be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as temporarily restricted support. Absent explicit donor stipulations about how long those long-lived assets must be maintained, CIR reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

Contributed Services and Costs

Contributed services and costs are reflected at the fair value of the contribution received in accordance with ASC 958.605.30-11. The contributions of services and costs are recognized if they (a) create or enhance nonfinancial assets or (b) require specialized skills that are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation.

Notes to Financial Statements

2. Summary of Significant Accounting Policies *(continued)*

Income Taxes

Financial statement presentation follows the recommendations of ASC 740, *Income Taxes*. Under ASC 740, CIR is required to report information regarding its exposure to various tax positions taken by CIR and requires a two-step process that separates recognition from measurement. The first step is determining whether a tax position has met the recognition threshold; the second step is measuring a tax position that meets the recognition threshold. Management believes that CIR has adequately evaluated its current tax positions and has concluded that as of December 31, 2013 CIR does not have any uncertain tax positions for which a reserve or an accrual for a tax liability would be necessary.

CIR has received notification from the Internal Revenue Service and the State of California that it qualifies for tax-exempt status under Section 501(c)(3) of the Internal Revenue Code and Section 23701d of the California Revenue and Taxation Code. The exemptions are subject to periodic review by the federal and state taxing authorities and management is confident that CIR continues to satisfy all federal and state statutes in order to qualify for continued tax exemption status.

CIR may periodically receive unrelated business income (such as sublease rental income, advertising income, etc.) requiring CIR to file separate tax returns under federal and state statutes. CIR also has certain transactions requiring the payment of value added taxes. Under such conditions, CIR calculates, accrues, and remit the applicable taxes, if any.

Functional Allocation of Expenses

The costs of providing CIR's 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.

3. Cash and Cash Equivalents

Cash and cash equivalents include all funds in banks (checking and savings accounts) at the time of purchase that have a maturity date of 90 days or less. The components of cash and cash equivalents are as follows at December 31, 2014 and 2013:

	2014	2013
Bank checking accounts (noninterest-bearing)	\$ 1,182,507	\$ 1,372,922
Interest-bearing savings account	6,260	4,204
Total cash and cash equivalents	\$ 1,188,767	\$ 1,377,126

Savings and deposit accounts earn interest at rates of 0.03% per annum. At December 31, 2014, certain accounts exceeded the FDIC insured limit, resulting in \$932,507 in funds that were not covered by insurance provided by the federal government. It is the opinion of management that the solvency of the referenced financial institutions is satisfactorily strong and that CIR's financial position will not be compromised.

Notes to Financial Statements

4. Investments

Investments of \$502,490 at December 31, 2013 consisted of a certificate of deposit bearing interest at the rate of 2.13% per annum. There were no investments at December 31, 2014.

5. Accounts Receivable

Accounts receivable consist of the following at December 31, 2014 and 2013:

	2014	2013
Accounts receivable	\$ 193,416	\$ 624,858
Allowance for doubtful accounts	(21,605)	(32,571)
Total investments	\$ 171,811	\$ 592,287

Accounts receivable are reflected at fair value, which approximate the net realizable value. During the year ended December 31, 2013, the Company recognized \$33,483 in bad debts. There were no bad debts recognized during the year ended December 31, 2014. Management has evaluated the receivables as of December 31, 2014 and determined that the \$21,605 allowance for doubtful accounts is sufficient to absorb the estimated loss exposure inherent in the portfolio.

6. Grants and Pledges Receivable

Grants and pledges receivable at December 31, 2014 are expected to be collected as follows:

Year ending December 31, 2015	\$ 1,940,000
Year ending December 31, 2016	1,000,000
Year ending December 31, 2017	500,000
Total grants and pledges receivable	3,440,000
Less: grants and pledges receivable due in current year	(1,940,000)
Less: discount applied to multi-year receivables	(86,106)
Total grants and pledges receivable - noncurrent	\$ 1,413,894

Grants and pledges receivable due in more than one year are reflected at the present value of estimated future cash flows using a discount rate of 3.0% per annum. The discount related to the present value calculation is being accreted back into income over the estimated collection period of the grants and pledges receivable.

Notes to Financial Statements

7. Fair Value Measurements

In accordance with fair value measurement accounting, CIR has classified certain current assets at December 31, 2014 as follows:

	Totals	Level 1	Level 2	Level 3
Accounts receivable	\$ 171,811	\$ 171,811	\$ -	\$ -
Grants and pledges receivable	3,353,894	3,353,894	-	-
Totals	<u>\$ 3,525,705</u>	<u>\$ 3,525,705</u>	<u>\$ -</u>	<u>\$ -</u>

Fair value measurements establish a fair value hierarchy that prioritizes the input used to measure fair value. This hierarchy consists of three broad levels: (a) Level 1 measurement reflects the value of the investments at quoted prices in active markets for identical assets, generally without any adjustments, (b) Level 2 assets and liabilities are valued based on "observable inputs" other than quoted active market prices, including quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in inactive markets, and interest rates and yield curves, and (c) Level 3 assets and liabilities are valued based on "unobservable inputs," such as a company's own estimates and pricing models. CIR had no marketable assets classified as Level 2 or Level 3 at December 31, 2014 or 2013.

8. Property, Equipment and Improvements

A summary of property, equipment and improvements is as follows at December 31, 2014 and 2013:

	2014	2013
Furniture, fixtures and equipment	\$ 354,840	\$ 255,004
Computers and software	173,863	138,561
Leasehold improvements	318,806	283,512
Subtotal	<u>847,509</u>	<u>677,077</u>
Less: accumulated depreciation	(418,039)	(229,671)
Total property, equipment and improvements (net)	<u>\$ 429,470</u>	<u>\$ 447,406</u>

Total depreciation expense amounted to \$188,447 and \$80,603 for the years ended December 31, 2014 and 2013, respectively, and is reflected on the statement of functional expenses. During the years ended December 31, 2014 and 2013, CIR disposed of partially depreciated property and equipment with accumulated depreciation in the amount of \$79 and \$5,529, resulting in a gain (loss) on disposition of (\$1,366) and \$1,014, respectively.

Notes to Financial Statements

9. Lease Commitments

CIR occupies its current corporate office space in Emeryville, California under a multi-year operating lease expiring March 31, 2019. During December 2013, CIR moved from its Berkeley location to Emeryville but continued to rent two suites in the Berkeley office until September 30, 2014. In connection with the new lease, CIR received 2 ½ months of free rent. In accordance with ASC 820, *Leases*, CIR recognizes rent expense using the straight-line method and is amortizing the deferred rent of \$73,263 at December 31, 2014 over the term of the lease.

Under all real estate leases, CIR is responsible for its proportionate share of building, maintenance and operating expenses which includes insurance and utilities. CIR is also obligated under several short and long-term operating lease agreements for various offices, office equipment, licensing, and subscription agreements. A summary of all CIR's lease agreements at December 31, 2014 is as follows:

<u>Description</u>	<u>Payment</u>	<u>Frequency</u>	<u>Lease Term</u>
Emeryville office lease	\$ 26,556	Monthly	63 months thru March 2019
Sacramento office	\$ 250	Monthly	Month-to-month
Public Storage	\$ 307	Monthly	Month-to-month
Printer/Other	\$ 3,875	Monthly	Various thru September 2015

Occupancy expense amounted to \$552,287 and \$327,907 for the years ended December 31, 2014 and 2013, respectively. Minimum annual payments on all operating leases with written agreements extending beyond one year are as follows: : \$371,580 due during the year ending December 31, 2015; \$348,216 due during the year ending December 31, 2016; \$358,668 due during the year ending December 31, 2017; \$369,432 due during the year ending December 31, 2018; and \$92,358 due during the year ending December 31, 2019 and thereafter.

10. In-Kind Contributions

During the year ended December 31, 2014, CIR was the recipient of in-kind contributions in the form of pro-bono legal services. These services were received in connection with prepublication and pre-broadcast review, access to public records, contract drafting and review, and insurance issues. CIR has determined the estimated value of these professional legal services as follows:

<u>Description</u>	<u>Services Provided</u>	<u>Estimated Value</u>
Jazzy Vick Carolan	Legal services	\$ 164,798
Fenwick & West	Legal services	52,593
Davis Wright Tremaine	Legal services	36 148
Total value of pro bono legal services		<u>\$ 253,539</u>

The values of these contributions did not meet the criteria for recognition under ASC 958.605.30-11 *Revenue Recognition of Not-For-Profit Entities* and are therefore not reflected in the financial statements.

Notes to Financial Statements

11. Temporarily Restricted Net Assets

CIR recognizes support from temporarily restricted net assets when the restrictions imposed by the donors have been satisfied or expired. Temporarily restricted net assets consist of the following as of December 31, 2014 and 2013:

	2014	2013
California Endowment	\$ 60,400	\$ 143,846
Carbon (Cap & Trade)	-	10,000
Digital Media	-	32,158
Food Security	-	91,715
Future Fund	488,584	558,316
General Support/Other	1,360,180	2,534,126
MacArthur Foundation for Effective and Creative Institutions	42,942	322,772
Youth Speaks	91,260	85,000
Newsroom	19,865	-
Consulting and Events	147,076	-
Reveal	3,024,610	-
Time Restricted Grants	501,000	-
Discount applied to multi-year receivables	(86,106)	(24,397)
Total temporarily restricted net assets (net)	\$ 5,649,811	\$ 3,753,536

During the years ended December 31, 2014 and 2013, contributions of temporarily restricted net assets amounted to \$7,045,297 and \$3,832,532, respectively. Temporarily restricted net assets released from restriction amounted to \$5,087,313 and \$5,099,206 for the years ended December 31, 2014 and 2013, respectively.

12. Retirement Plan

CIR offers employees the opportunity for participation in a salary reduction retirement plan (the "Plan") qualified under Internal Revenue Code Section 403(b). The Plan provides employees with the opportunity to defer a portion of their salary subject to annual statutory limitations. Employees must meet certain age and work requirements in order to be eligible to participate in the Plan. The Plan provides for discretionary employer contributions which amounted to \$103,599 and \$97,674 for the years ended December 31, 2014 and 2013, respectively.

13. Related Party Transactions

Included in total grants and pledges receivable of \$3,353,894 at December 31, 2014 were receivables from related parties which totaled \$1,015,000, amounting to approximately 30.3% of the total balance. Total contributed income received from related parties amounted to \$1,059,000 for the year ended December 31, 2014.

Notes to Financial Statements

14. Compensated Absences (Accrued Vacation)

Financial statement presentation follows the recommendations of ASC 710.25, *Compensated Absences*. Under ASC 710.25, CIR is required to record a liability for the estimated amounts of compensation for future absences. Employees are permitted to accrue a specific number of hours of vacation which is payable upon termination of the employee. Annual leave accruals are recorded in the financial statements as an accrued liability on the statement of financial position based on hourly rates in effect at the end of the fiscal year. Accrued vacation liabilities amounted to \$273,680 and \$262,877 as of December 31, 2014 and 2013, respectively.

15. Commitments and Contingencies

In the normal course of business there are outstanding various commitments and contingent liabilities, such as commitments to enter into contracts and future services, which are not reflected in the financial statements. Such commitments and contingencies also include risks associated with various economic and operating factors, which include (a) Grant restrictions and donor conditions which obligate CIR to fulfill certain requirements as set forth in grant instruments, (b) Funding levels which vary based on factors beyond CIR's control, such as generosity of donors and general economic conditions, (c) Employment and service agreements with key management and operating personnel, and (d) Financial risks associated with funds on deposit at bank and investment brokerage accounts. Management believes that such commitments, contingencies and risks will not have a material adverse effect on the financial statements. Certain current and prior costs of the grants and contracts are subject to audit and final acceptance by the granting agencies.

16. Concentrations

At December 31, 2014, 54% of the accounts payable balance is due to four vendors and 75% of the grants and pledges receivable balance is due from one foundation at December 31, 2014.

17. Subsequent Events

In compliance with ASC 855, *Subsequent Events*, CIR has evaluated subsequent events through March 20, 2015, the date the financial statements were available to be issued. In the opinion of management, there are no subsequent events which need to be disclosed in the financial statements.