



CENTER FOR INVESTIGATIVE REPORTING

Financial Statements

*For the Year Ended
December 31, 2015*

With Independent Auditors' Report

THE CENTER FOR INVESTIGATIVE REPORTING, INC.

(A California Not-For-Profit Corporation)

December 31, 2015

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.

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 tracks 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: a National 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.

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.

The 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	Blye Faust	Board Member
Jillian Manus	Vice Chair	Susan Hirsch	Board Member
Tom Lockard	Treasurer	Pete Kim	Board Member
Susan Sachs	Secretary	Justin Nyweide	Board Member
		Christian Selchau-Hansen	Board Member
Roy Bahat	Board Member	Gabriel Stricker	Board Member
David Boardman	Board Member	Howard Zack	Board Member

THE CENTER FOR INVESTIGATIVE REPORTING, INC.

(A California Not-For-Profit Corporation)
December 31, 2015

CONTENTS

	<u>Page</u>
Independent Auditors' Report	1
Financial Statements:	
Statements of Financial Position	2
Statement of Activities and Changes in Net Assets	3
Statements of Cash Flows	4
Statement of Functional Expenses	5
Notes to Financial Statements	6 - 14

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REGALIA & ASSOCIATES
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying financial statements of The Center for Investigative Reporting, Inc. (a nonprofit organization) which comprise the statements of financial position as of December 31, 2015 and 2014 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 The Center for Investigative Reporting, Inc. as of December 31, 2015 and 2014, 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 The Center for Investigative Reporting, Inc.'s December 31, 2014 financial statements. In our report dated March 20, 2015, we expressed an unqualified opinion on those financial statements.

**Danville, California
April 18, 2016**

Regalia & Associates

CENTER FOR INVESTIGATIVE REPORTING, INC.

**Statements of Financial Position
December 31, 2015 and 2014**

ASSETS	Dec. 31, 2015	Dec. 31, 2014
Current assets:		
Cash and cash equivalents	\$ 90,442	\$ 1,188,767
Restricted cash	-	73,136
Accounts receivable (net of an allowance for doubtful accounts of \$1,072 and \$21,605 at December 31, 2015 and 2014, respectively)	5,222	171,811
Grants and pledges receivable	3,618,896	1,940,000
Prepaid expenses and other current assets	112,668	158,684
Total current assets	3,827,228	3,532,398
Noncurrent assets:		
Grants and pledges receivable, net of discount	4,887,360	1,413,894
Deposits	87,620	46,570
Property, equipment and improvements, net	303,797	429,470
Total noncurrent assets	5,278,777	1,889,934
	\$ 9,106,005	\$ 5,422,332
LIABILITIES AND NET ASSETS		
Current liabilities:		
Accounts payable and accrued expenses	\$ 252,189	\$ 247,997
Accrued payroll liabilities	311,171	317,947
Deferred Rent	82,423	73,263
Fiscal sponsorship liabilities	7,726	38,070
Line of credit	375,000	-
Total current liabilities	1,028,509	677,277
Net assets:		
Unrestricted	(2,233,651)	(904,756)
Temporarily restricted	10,311,147	5,649,811
Total net assets	8,077,496	4,745,055
	\$ 9,106,005	\$ 5,422,332

CENTER FOR INVESTIGATIVE REPORTING, INC.

**Statement of Activities and Changes in Net Assets
For the Year Ended December 31, 2015**

(with Summarized Financial Information For the Year Ended December 31, 2014)

<i>Changes in net assets:</i>	Unrestricted Net Assets	Temporarily Restricted Net Assets	Total Dec. 31, 2015	Total Dec. 31, 2014
Revenue and support:				
Contributed income:				
Contributions/donations	\$ 1,600,415	\$ 100,000	\$ 1,700,415	\$ 2,855,238
Grants	1,101,228	10,290,718	11,391,946	6,954,126
Corporate Sponsorships	237,740	-	237,740	40,611
Change in discount for multi-year receivables	-	(211,534)	(211,534)	(61,709)
Net assets released from restrictions	5,517,848	(5,517,848)	-	-
Total contributed income	8,457,231	4,661,336	13,118,567	9,788,266
Earned income:				
Advertising	5,356	-	5,356	6,577
Content fees	476,490	-	476,490	395,839
Investment income	10	-	10	7,795
Unrealized gain (losses) on investments	(18)	-	(18)	19
Royalties	8,832	-	8,832	5,469
Fiscal Sponsorship	30,344	-	30,344	37,445
Loss on disposal of fixed assets	-	-	-	(1,336)
Other	48,387	-	48,387	22,478
Total earned income	569,401	-	569,401	474,286
 Total revenue and support	 9,026,632	 4,661,336	 13,687,968	 10,262,552
 Expenses:				
Program services	8,270,548	-	8,270,548	7,548,886
General and administrative	1,578,580	-	1,578,580	2,087,731
Development	506,399	-	506,399	538,848
 Total expenses	 10,355,527	 -	 10,355,527	 10,175,465
 Increase (decrease) in net assets	 (1,328,895)	 4,661,336	 3,332,441	 87,087
Net assets at beginning of year	(904,756)	5,649,811	4,745,055	4,657,968
Net assets at end of year	\$ (2,233,651)	\$ 10,311,147	\$ 8,077,496	\$ 4,745,055

CENTER FOR INVESTIGATIVE REPORTING, INC.

**Statements of Cash Flows
For the Years Ended December 31, 2015 and 2014**

	Dec. 31, 2015	Dec. 31, 2014
<i>Operating activities:</i>		
Increase in net assets	\$ 3,332,441	\$ 87,087
Adjustments to reconcile to cash provided by (used for) operating activities:		
Depreciation	160,029	188,447
Loss on disposal of fixed assets	-	1,336
Unrealized (gains) losses on investments	18	(19)
Change in discount for multi-year receivables	211,534	61,709
Changes in:		
Accounts receivable	166,589	420,476
Grants and pledges receivable	(5,363,914)	(1,028,552)
Prepaid expenses and other current assets	46,016	(18,841)
Deposits	(41,050)	10,732
Accounts payable and accrued expenses	4,192	(177,946)
Accrued payroll liabilities	(6,776)	(80,580)
Deferred rent	9,160	44,288
Fiscal sponsorship liabilities	(30,344)	(37,445)
Cash used for operating activities	(1,512,105)	(529,308)
<i>Investing activities:</i>		
Disposition of investments, net	-	502,490
Transfers involving restricted cash	73,136	10,306
Additions to property, equipment and improvements	(34,356)	(171,847)
Cash provided by investing activities	38,780	340,949
<i>Financing activities:</i>		
Proceeds from the line of credit	777,544	-
Principal payments under line of credit	(402,544)	-
Cash provided by financing activities	375,000	-
Decrease in cash and cash equivalents	(1,098,325)	(188,359)
Cash and cash equivalents at beginning of year	1,188,767	1,377,126
Cash and cash equivalents at end of year	\$ 90,442	\$ 1,188,767
<i>Additional cash flow information:</i>		
State filing taxes paid	\$ 150	\$ 150
Interest paid	\$ 6,690	\$ -

CENTER FOR INVESTIGATIVE REPORTING, INC.

**Statement of Functional Expenses
For the Year Ended December 31, 2015**

(with Summarized Financial Information For the Year Ended December 31, 2014)

	Programs	Management and General	Develop- ment	Total 2015	Total 2014
Accounting and auditing	\$ 4,987	\$ 32,261	\$ -	\$ 37,248	\$ 71,617
Computer related expenses	19,682	13,129	1,113	33,924	56,041
Contractors	597,759	2,595	5,349	605,703	744,678
Depreciation	120,022	24,004	16,003	160,029	188,447
Event planning and expenses	31,745	-	-	31,745	8,046
Human resources and recruitment	32,613	3,524	5,000	41,137	25,432
Insurance	68,459	13,692	9,128	91,279	90,139
Legal	14,687	86,587	-	101,274	104,359
Occupancy	394,818	78,964	52,642	526,424	552,287
Office supplies and equipment	11,388	16,136	336	27,860	30,989
Other	3,899	77,655	-	81,554	18,387
Postage, printing and photocopy	9,249	5,331	1,021	15,601	24,626
Project and production expenses	414,327	83,579	5,911	503,817	347,828
Public relations and promotion	-	25,000	-	25,000	55,852
Reporter Grants	-	-	-	-	5,139
Salaries and related expenses	6,008,188	1,014,117	372,545	7,394,850	7,308,224
Telephone and internet	13,870	81,593	-	95,463	74,607
Travel	524,855	20,413	37,351	582,619	468,767
Totals	\$ 8,270,548	\$ 1,578,580	\$ 506,399	\$10,355,527	\$ 10,175,465

Notes to Financial Statements
December 31, 2015

1. Organization

The 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.

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 to 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.

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.

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, 2015. 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, 2015 and 2014.

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, 2015 and 2014.

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, 2015 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.

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, 2015 and 2014:

	2015	2014
Bank checking accounts (noninterest-bearing)	\$ 89,981	\$ 1,182,507
Interest-bearing savings account	461	6,260
Total cash and cash equivalents	\$ 90,442	\$ 1,188,767

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. There were no accounts in excess of FDIC insurance limits at December 31, 2015.

Notes to Financial Statements

4. Accounts Receivable

Accounts receivable consist of the following at December 31, 2015 and 2014:

	2015	2014
Accounts receivable	\$ 6,294	\$ 193,416
Allowance for doubtful accounts	(1,072)	(21,605)
Accounts receivable, net	\$ 5,222	\$ 171,811

Accounts receivable are reflected at fair value, which approximates the net realizable value. Management has established an allowance for doubtful accounts to recognize potentially uncollectible balances. Management has evaluated the receivables as of December 31, 2015 and determined that the \$1,072 allowance for doubtful accounts is sufficient to absorb the estimated loss exposure inherent in the portfolio. There were no bad debts recognized during the years ended December 31, 2015 and 2014.

5. Grants and Pledges Receivable

Grants and pledges receivable at December 31, 2015 are expected to be collected as follows:

Year ending December 31, 2016	\$ 3,618,896
Year ending December 31, 2017	2,310,000
Year ending December 31, 2018	975,000
Year ending December 31, 2019	950,000
Year ending December 31, 2020	950,000
Total grants and pledges receivable	8,803,896
Less: grants and pledges receivable due in current year	(3,618,896)
Less: discount applied to multi-year receivables	(297,640)
Total grants and pledges receivable - noncurrent	\$ 4,887,360

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. The change in discount for multi-year receivables amounted to (\$211,534) and (\$61,709) for the years ended December 31, 2015 and 2014, respectively.

Notes to Financial Statements

6. Fair Value Measurements

In accordance with fair value measurement accounting, CIR has classified certain current assets at December 31, 2015 as follows:

	Totals		Level 1		Level 2		Level 3
Accounts receivable	\$ 5,222	\$	-	\$	5,222	\$	-
Grants and pledges receivable	8,506,256		-		8,506,256		-
Deposits	112,668		-		-		112,668
Totals	\$ 8,624,146	\$	-	\$	8,511,478	\$	112,668

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 1 at December 31, 2015.

7. Property, Equipment and Improvements

A summary of property, equipment and improvements is as follows at December 31, 2015 and 2014:

	2015		2014
Furniture, fixtures and equipment	\$ 362,066	\$	354,840
Computers and software	199,683		173,863
Leasehold improvements	320,116		318,806
Subtotal	881,865		847,509
Less: accumulated depreciation	(578,068)		(418,039)
Total property, equipment and improvements (net)	\$ 303,797	\$	429,470

Total depreciation expense amounted to \$160,029 and \$188,447 for the years ended December 31, 2015 and 2014, respectively, and is reflected on the statement of functional expenses. During the year ended December 31, 2014, CIR disposed of partially depreciated property and equipment with accumulated depreciation in the amount of \$79, resulting in a loss on disposition of (\$1,366). There were no disposals during the year ended December 31, 2015.

Notes to Financial Statements

8. Line of Credit

CIR has a \$750,000 revolving line of credit (subject to annual renewal) collateralized by the assets of CIR. On July 13, 2015, the lender approved a renewal of the line of credit through July 10, 2016. The line of credit has a floating interest rate of prime plus 1.250% per annum with a minimum floor rate of 4.50% per annum. At December 31, 2015, the outstanding balance amounted to \$375,000 with a floating interest rate of 4.75% per annum. Subsequent to December 31, 2015, the letter of credit was paid down, leaving no outstanding balance as of January 31, 2106. As of April 18, 2016, the date of the Independent Auditors' Report, there continued to be no outstanding utilizations or outstanding balances under the line of credit. Interest expense amounted to \$6,690 for the year ended December 31, 2015. There was no interest expense for the year ended December 31, 2014.

9. Lease Commitments

CIR occupies its current corporate office space in Emeryville, California under a multi-year operating lease expiring March 31, 2019. In connection with this 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 \$82,423 at December 31, 2015 over the term of the lease. 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 office equipment, licensing, and subscription agreements. A summary of all CIR's lease agreements at December 31, 2015 is as follows:

<u>Description</u>	<u>Payment</u>	<u>Frequency</u>	<u>Lease Term</u>
Emeryville office lease	\$ 28,172	Monthly	63 months thru March 2019
Lexis Nexis	\$ 5,980	Monthly	Various thru September 2018

Occupancy expense amounted to \$526,424 and \$552,287 for the years ended December 31, 2015 and 2014, respectively. Minimum annual payments on all operating leases with written agreements extending beyond one year are as follows: **\$419,976 due during the year ending December 31, 2016**; **\$431,323 due during the year ending December 31, 2017**; **\$424,863 due during the year ending December 31, 2018**; and **\$92,358 due during the year ending December 31, 2019**.

10. In-Kind Contributions

During the year ended December 31, 2015, CIR was the recipient of in-kind contributions in the form of pro-bono legal services. These services were received in connection with republication 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>
Jassy Vick Carolan	Legal services	\$ 12,863
Fenwick & West	Legal services	47,113
Davis Wright Tremaine	Legal services	8684
Law Office of Mark A. Walther	Legal services	4,680
Total estimated value of pro bono legal services		\$ 73,340

The values of these contributions are 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, 2015 and 2014:

	2015	2014
Healthy Communities	\$ 144,477	\$ 60,400
Food and Farming	125,000	-
Digital Privacy	272,424	-
Consulting, Engagement and Events	187,561	147,076
Future Fund	418,690	488,584
General Support/Other	5,348,696	1,360,180
MacArthur Award for Effective and Creative Institutions	-	42,942
Youth Engagement	-	91,260
Newsroom	150,000	19,865
Toxic New Jersey	11,774	-
Reveal	3,045,000	3,024,610
State Courts Reporting Project	755,165	-
StoryWorks Theater Collaboration	50,000	-
Time Restricted Grants	100,000	501,000
Discount applied to multi-year receivables	(297,640)	(86,106)
Total temporarily restricted net assets (net)	<u>\$ 10,311,147</u>	<u>\$ 5,649,811</u>

During the years ended December 31, 2015 and 2014, contributions of temporarily restricted net assets amounted to \$10,390,718 and \$7,045,297, respectively. Temporarily restricted net assets released from restriction amounted to \$5,517,848 and \$5,087,313 for the years ended December 31, 2015 and 2014, 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 \$108,868 and \$103,599 for the years ended December 31, 2015 and 2014, respectively.

13. Related Party Transactions

Included in total grants and pledges receivable of \$8,803,896 at December 31, 2015 were receivables from related parties (principally Board members) which totaled \$1,525,000 amounting to approximately 17.3% of the total balance. Total contributed income received from related parties amounted to \$1,078,790 or 12.0% of the total revenue for the year ended December 31, 2015.

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 statements of financial position based on hourly rates in effect at the end of the fiscal year. Accrued vacation liabilities amounted to \$274,076 and \$273,680 as of December 31, 2015 and 2014, 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, 2015, 58% of the accounts payable balance is due to six vendors and 82% of the grants and pledges receivable balance is due from five foundations.

17. Subsequent Events

In compliance with ASC 855, *Subsequent Events*, CIR has evaluated subsequent events through April 18, 2016, the date the financial statements were available to be issued. As noted in Note 9, the bank line of credit was paid down, leaving no outstanding balance as of January 31, 2016. In the opinion of management, there are no other subsequent events which need to be disclosed in the financial statements.