CPAs SERVING CLIENTS SINCE 1947

THE CENTER FOR PUBLIC INTEGRITY

FINANCIAL STATEMENTS

AND

INDEPENDENT AUDITORS' REPORT

DECEMBER 31, 2014 AND 2013

MATTHEWS, CARTER & BOYCE
RESPECT. CONFIDENCE. TRUST.

WWW.MCB-CPA.COM

THE CENTER FOR PUBLIC INTEGRITY

FINANCIAL STATEMENTS

DECEMBER 31, 2014 AND 2013

TABLE OF CONTENTS

Independent Auditors' Report

Board of Directors
The Center for Public Integrity
Washington, D.C.

We have audited the accompanying financial statements of The Center for Public Integrity (the Center), 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.

Auditors' 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 of 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 auditors' 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 Public Integrity as of December 31, 2014 and 2013, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Matthews Carter and Boyce

Fairfax, Virginia
September 25, 2015

12500 Fair Lakes Circle • Suite 260 • Fairfax, Virginia 22033
P: 703.218.3600 • www.mcb-cpa.com • F: 703.218.1808

THE CENTER FOR PUBLIC INTEGRITY

STATEMENTS OF FINANCIAL POSITION

DECEMBER 31, 2014 AND 2013

ASSETS

	2014	2013
CURRENT ASSETS		
Cash and cash equivalents	$ 1,356,265	$ 718,912
Investments, current portion	20,479	19,636
Pledges receivable	27,642	59,080
Grants receivable, current portion	2,769,430	3,076,965
Employee advances	-	6,519
Prepaid expenses	121,628	104,796
Total Current Assets	$ 4,295,444	$ 3,985,908
PROPERTY AND EQUIPMENT		
Furniture and equipment	$ 450,208	$ 450,208
Website	105,383	105,383
Leasehold improvements	300,270	300,270
Total cost	$ 855,861	$ 855,861
Less: accumulated depreciation	(740,793)	(687,080)
Net Property and Equipment	$ 115,068	$ 168,781
OTHER ASSETS		
Grants receivable, net of current portion and discount of $80,262 and $41,488, respectively	$ 1,898,701	$ 943,840
Investments, non-current portion	2,299,474	2,374,903
Deposits	41,724	41,724
Total Other Assets	$ 4,239,899	$ 3,360,467
TOTAL ASSETS	$ 8,650,411	$ 7,515,156

LIABILITIES AND NET ASSETS

	2014	2013
CURRENT LIABILITIES		
Accounts payable and accrued expenses	$ 230,799	$ 150,177
Accrued salaries and benefits	225,027	181,244
Building allowance, current portion	16,323	16,323
Total Current Liabilities	$ 472,149	$ 347,744
LONG-TERM LIABILITIES		
Deferred rent	$ 328,419	$ 331,677
Deposits	2,012	2,012
Building allowance, non-current portion	61,213	77,536
Total Long-Term Liabilities	$ 391,644	$ 411,225
TOTAL LIABILITIES	$ 863,793	$ 758,969
NET ASSETS		
Unrestricted	$ (2,137,297)	$ (1,322,572)
Temporarily restricted	8,811,973	6,982,771
Permanently restricted	1,111,942	1,095,988
Total Net Assets	$ 7,786,618	$ 6,756,187
TOTAL LIABILITIES AND NET ASSETS	$ 8,650,411	$ 7,515,156

See independent auditors' report and notes to financial statements.

THE CENTER FOR PUBLIC INTEGRITY

STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS

FOR THE YEAR ENDED DECEMBER 31, 2014

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
REVENUE AND SUPPORT				
Grants and contributions	$ 1,164,165	7,984,985	$ -	$ 9,149,150
Consulting fees and royalties	39,235	-	-	39,235
Board gifts	164,500	-	-	164,500
Other revenue	56,624	-	-	56,624
Net assets released from restriction due to satisfaction of program or time restrictions	6,155,783	(6,155,783)	-	-
Total Revenue and Support	$ 7,580,307	$ 1,829,202	$ -	$ 9,409,509
Investment activity:				
Interest and dividend income	$ 111,914	$ -	$ 95,843	$ 207,757
Realized loss on investments	(268)	-	-	(268)
Unrealized loss on investments	(93,171)	-	(79,889)	(173,060)
Total Investment Activity	$ 18,475	$ -	$ 15,954	$ 34,429
Total Revenue, Support and and Investment Activity	$ 7,598,782	$ 1,829,202	$ 15,954	$ 9,443,938
EXPENSES				
Program services				
Communications	$ 67,669	$ -	$ -	$ 67,669
Environmental	898,653	-	-	898,653
International Consortium of Investigative Journalists (ICIJ)	1,558,891	-	-	1,558,891
Money and politics	1,966,996	-	-	1,966,996
Defense and security	546,867	-	-	546,867
Editorial management	638,470	-	-	638,470
Health care	97,403	-	-	97,403
State integrity	503,191	-	-	503,191
Social issues	240,866	-	-	240,866
Digital	368,880	-	-	368,880
Total Program Services	$ 6,887,886	$ -	$ -	$ 6,887,886
Support services				
Management and general	$ 664,291	$ -	$ -	$ 664,291
Fundraising and development	861,330	-	-	861,330
Total Support Services	$ 1,525,621	$ -	$ -	$ 1,525,621
Total Expenses	$ 8,413,507	$ -	$ -	$ 8,413,507
CHANGES IN NET ASSETS	$ (814,725)	$ 1,829,202	$ 15,954	$ 1,030,431
NET ASSETS, BEGINNING OF YEAR	(1,322,572)	6,982,771	1,095,988	6,756,187
NET ASSETS, END OF YEAR	$ (2,137,297)	$ 8,811,973	$ 1,111,942	$ 7,786,618

See accompanying auditors' report and notes to the financial statements.

THE CENTER FOR PUBLIC INTEGRITY

STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS

FOR THE YEAR ENDED DECEMBER 31, 2013

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
REVENUE AND SUPPORT				
Grants and contributions	$ 883,718	$ 6,405,755	$ -	$ 7,289,473
Consulting fees and royalties	52,049	-	-	52,049
Board gifts	175,233	-	-	175,233
Other revenue	59,895	-	-	59,895
Net assets released from restriction due to satisfaction of program or time restrictions	5,249,437	(5,249,437)	-	-
Total Revenue and Support	$ 6,420,332	$ 1,156,318	$ -	$ 7,576,650
Investment activity:				
Interest and dividend income	$ 29,653	$ -	$ 28,344	$ 57,997
Realized gain on investments	66	-	-	66
Unrealized gain on investments	206,555	-	-	206,555
Total Investment Activity	$ 236,274	$ -	$ 28,344	$ 264,618
Total Revenue, Support and and Investment Activity	$ 6,656,606	$ 1,156,318	$ 28,344	$ 7,841,268
EXPENSES				
Program services				
Communications	$ 59,026	$ -	$ -	$ 59,026
Environmental	911,294	-	-	911,294
International Consortium of Investigative Journalists (ICIJ)	1,317,539	-	-	1,317,539
Money and politics	1,314,699	-	-	1,314,699
Defense and security	593,265	-	-	593,265
Editorial management	376,550	-	-	376,550
Health care	111,073	-	-	111,073
State integrity	208,222	-	-	208,222
Social issues	235,874	-	-	235,874
Digital	504,354	-	-	504,354
Total Program Services	$ 5,631,896	$ -	$ -	$ 5,631,896
Support services				
Management and general	$ 332,534	$ -	$ -	$ 332,534
Fundraising and development	837,705	-	-	837,705
Total Support Services	$ 1,170,239	$ -	$ -	$ 1,170,239
Total Expenses	$ 6,802,135	$ -	$ -	$ 6,802,135
CHANGES IN NET ASSETS	$ (145,529)	$ 1,156,318	$ 28,344	$ 1,039,133
NET ASSETS, BEGINNING OF YEAR	(1,177,043)	5,826,453	1,067,644	5,717,054
NET ASSETS, END OF YEAR	$ (1,322,572)	$ 6,982,771	$ 1,095,988	$ 6,756,187

See independent auditors' report and notes to the financial statements.

THE CENTER FOR PUBLIC INTEGRITY

STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013

	2014	2013
CASH FLOWS FROM OPERATING ACTIVITIES		
Reconciliation of change in net assets to net cash provided by operating activities		
Change in net assets	$ 1,030,431	$ 1,039,133
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation expense	$ 53,713	$ 101,421
Unrealized (gain) loss on investments	173,060	(206,555)
Donated securities	(12,141)	(68,409)
Realized (gain) loss on investments	268	(66)
Change in assets and liabilities		
(Increase) Decrease in Assets:		
Accounts receivable	-	27
Pledges receivable	31,438	14,094
Grants receivable	(647,326)	(852,776)
Employee advances	6,519	(5,627)
Prepaid expenses	(16,832)	(24,763)
Increase (Decrease) in Liabilities:		
Accounts payable and accrued expenses	80,622	40,764
Accrued salaries and benefits	43,783	57,322
Deferred rent	(3,258)	7,700
Deferred contract revenue	-	(50,093)
Building allowance	(16,323)	(16,324)
Total Adjustments	$ (306,477)	$ (1,003,285)
Net Cash Provided by Operating Activities	$ 723,954	$ 35,848
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of investments	$ (289,907)	$ (57,811)
Decrease in deposits	-	(500)
Sale of investments	203,306	359,219
Net Cash Provided (Used) by Investing Activities	$ (86,601)	$ 300,908
NET INCREASE IN CASH	$ 637,353	$ 336,756
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	718,912	382,156
CASH AND CASH EQUIVALENTS, END OF YEAR	$ 1,356,265	$ 718,912

There were no non-cash investing or financing activities during the years ended December 31, 2014 and 2013.

See independent auditor's report and notes to financial statements.

THE CENTER FOR PUBLIC INTEGRITY

STATEMENT OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED DECEMBER 31, 2014

	Program Services														
	Communi-cations	Environ-mental	ICIJ	Money & Politics	Defense & Security	Editorial Management	Health Care	State Integrity	Social Issues	Digital	Total	Management & General	Fundraising & Development	Total	Total Expenses
Personnel															
Wages	$ 55,221	$ 590,924	$ 685,749	$ 1,186,533	$ 364,417	$ 261,025	$ 37,583	$ 96,477	$ 169,552	$ 213,418	$ 3,660,899	$ 549,003	$ 541,327	$ 1,090,330	$ 4,751,229
Payroll taxes	3,753	43,061	51,862	84,437	26,816	19,272	4,556	7,228	12,648	20,993	274,626	41,095	40,618	81,713	356,339
403(b) employer match	2,345	22,997	27,428	45,291	13,464	11,428	2,439	3,902	6,749	11,933	147,976	22,154	21,852	44,006	191,982
Employee benefits	3,880	40,089	48,077	78,239	25,222	18,847	4,243	6,769	11,788	19,479	256,633	38,412	37,867	76,279	332,912
Total Personnel	$ 65,199	$ 697,071	$ 813,116	$ 1,394,500	$ 429,919	$ 310,572	$ 48,821	$ 114,376	$ 200,737	$ 265,823	$ 4,340,134	$ 650,664	$ 641,664	$ 1,292,328	$ 5,632,462
Operating															
Advertising and promotion	$ 2,400	$ -	$ 834	$ 1,623	$ 180	$ 5,375	$ -	$ -	$ -	$ 3,965	$ 14,377	$ 6,118	$ -	$ 6,118	$ 20,495
Bad debt	-	-	-	-	-	-	-	-	-	-	-	10,000	-	10,000	10,000
Bank charges and fees	-	20	1,289	20	213	-	-	-	-	57	1,599	6,996	1,569	8,565	10,164
Consulting/contract staff	-	14,123	340,181	87,528	18,034	232,557	37,801	2,500	4,800	3,970	741,494	84,948	52,944	137,892	879,386
Copying and printing	70	41	76	913	537	1,708	-	-	6	-	3,351	6,961	29,948	36,909	40,260
Depreciation/amortization	-	-	-	-	-	-	-	-	-	-	-	53,713	-	53,713	53,713
Dues and filing fees	-	40	60	365	-	5,323	-	-	-	114	5,902	12,182	9,184	21,366	27,268
Equipment purchase/lease	-	-	-	-	-	-	-	-	-	-	-	8,459	-	8,459	8,459
Grants and awards	-	-	5,305	-	-	4,500	-	300,900	-	-	310,705	-	-	-	310,705
Insurance	-	-	-	-	-	3,601	-	-	-	-	3,601	59,372	-	59,372	62,973
Meetings and conferences	-	81	1,150	1,600	595	336	-	48	10	738	4,558	11,451	43,485	54,936	59,494
Miscellaneous expenses	-	-	2,493	-	-	-	-	-	-	-	2,493	8,607	-	8,607	11,100
Recruiting	-	-	-	-	-	-	-	-	-	-	-	75,766	-	75,766	75,766
Rent	-	-	-	43,120	-	-	-	-	-	-	43,120	417,470	-	417,470	460,590
Repairs and maintenance	-	-	-	-	-	-	-	-	-	-	-	153	-	153	153
Research	-	1,631	10,705	37,460	2,598	11,738	-	1,895	174	24	66,225	64	1,656	1,720	67,945
Postage and shipping	-	349	102	190	-	143	-	-	35	26	845	4,645	11,589	16,234	17,079
Subscriptions	-	-	37	3,061	-	10,875	-	-	-	-	13,973	1,312	692	2,004	15,977
Supplies - office	-	275	1,562	296	-	151	-	-	-	812	3,096	16,650	1,945	18,595	21,691
Technology services	-	142	25,384	72,185	110	3,230	-	-	-	63,367	164,418	101,315	30,984	132,299	296,717
Telephone	-	-	3,284	-	80	56	-	-	-	-	3,420	136	39	175	3,595
Training	-	-	-	46	-	-	-	-	-	280	326	3,390	309	3,699	4,025
Travel	-	19,507	124,746	21,212	23,026	18,746	2,036	4,473	3,224	10,124	227,094	61,074	35,322	96,396	323,490
Total Operating Expenses	$ 2,470	$ 36,209	$ 517,208	$ 269,619	$ 45,373	$ 298,339	$ 39,837	$ 309,816	$ 8,249	$ 83,477	$ 1,610,597	$ 950,782	$ 219,666	$ 1,170,448	$ 2,781,045
Allocate Overhead	$ -	$ 165,373	$ 228,567	$ 302,877	$ 71,575	$ 29,559	$ 8,745	$ 78,999	$ 31,880	$ 19,580	$ 937,155	$ (937,155)	$ -	$ (937,155)	$ -
Total Expenses	$ 67,669	$ 898,653	$ 1,558,891	$ 1,966,996	$ 546,867	$ 638,470	$ 97,403	$ 503,191	$ 240,866	$ 368,880	$ 6,887,886	$ 664,291	$ 861,330	$ 1,525,621	$ 8,413,507

THE CENTER FOR PUBLIC INTEGRITY

STATEMENT OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED DECEMBER 31, 2013

	Program Services														
	Communi-cations	Environ-mental	ICIJ	Money & Politics	Defense & Security	Editorial Management	Health Care	State Integrity	Social Issues	Digital	Total	Management & General	Fundraising & Development	Total	Total Expenses
Personnel															
Wages	$ -	$ 597,273	$ 481,381	$ 837,461	$ 380,355	$ 128,994	$ 51,444	$ 134,534	$ 152,633	$ 276,604	$ 3,040,679	$ 495,593	$ 447,442	$ 943,035	$ 3,983,714
Payroll taxes	-	43,369	35,090	60,350	28,654	13,149	4,348	10,015	10,703	16,735	222,413	36,117	32,448	68,565	290,978
403(b) employer match	-	17,726	14,880	24,668	11,411	5,020	1,962	4,183	4,064	6,777	90,691	14,844	13,203	28,047	118,738
Employee benefits	-	43,884	35,396	62,360	29,196	12,058	3,133	9,612	11,491	17,917	225,047	41,116	32,908	74,024	299,071
Total Personnel	$ -	$ 702,252	$ 566,747	$ 984,839	$ 449,616	$ 159,221	$ 60,887	$ 158,344	$ 178,891	$ 318,033	$ 3,578,830	$ 587,670	$ 526,001	$ 1,113,671	$ 4,692,501
Operating															
Advertising and promotion	$ 6,015	$ -	$ 1,047	$ 1,456	$ 60	$ 1,265	$ -	$ -	$ -	$ 491	$ 10,334	$ 35	$ -	$ 35	$ 10,369
Bad debt	-	-	-	-	-	-	-	-	-	-	-	892	-	892	892
Bank charges and fees	-	10	767	20	104	400	-	-	-	106	1,407	5,146	4,905	10,051	11,458
Consulting/contract staff	17,369	22,454	373,756	34,353	18,133	103,862	30,000	3,234	10,800	53,257	667,218	60,614	45,778	106,392	773,610
Copying and printing	7,281	675	436	2,289	150	496	-	-	-	35	11,362	10,364	22,779	33,143	44,505
Depreciation/amortization	-	-	-	-	-	-	-	-	-	-	-	101,421	-	101,421	101,421
Dues and filing fees	-	28	130	163	-	1,098	-	-	-	160	1,579	2,078	7,307	9,385	10,964
Equipment purchase/lease	-	-	-	-	-	-	-	-	-	-	-	8,189	-	8,189	8,189
Grants and awards	-	-	15,000	-	-	1,000	-	1,341	-	-	17,341	-	-	-	17,341
Insurance	-	-	-	-	-	12,164	-	-	-	-	12,164	27,300	-	27,300	39,464
Meetings and conferences	-	50	3,142	2,336	676	-	-	-	-	380	6,584	9,274	6,075	15,349	21,933
Miscellaneous expenses	-	-	-	-	-	640	-	-	-	-	640	769	-	769	1,409
Recruiting	-	-	-	-	-	-	-	-	-	-	-	4,721	-	4,721	4,721
Rent	-	-	-	-	-	-	-	-	-	-	-	555,808	-	555,808	555,808
Repairs and maintenance	-	-	-	-	-	-	-	-	-	-	-	1,150	-	1,150	1,150
Research	-	2,472	20,734	39,904	7,747	9,941	95	2,109	739	83	83,824	300	-	300	84,124
Postage and shipping	299	93	824	32	-	165	-	-	-	-	1,413	2,452	8,989	11,441	12,854
Subscriptions	-	-	-	529	-	2,700	-	-	-	4,510	7,739	1,661	1,244	2,905	10,644
Supplies - office	447	88	539	17	103	-	-	-	-	-	1,194	12,949	8,157	21,106	22,300
Technology services	16,800	171	19,404	2,077	275	3,101	-	182	-	29,559	71,569	82,158	24,364	106,522	178,091
Telephone	-	10	1,582	-	-	-	-	-	-	29	1,621	130	-	130	1,751
Training	-	-	-	11	-	-	-	-	-	1,422	1,433	5,760	-	5,760	7,193
Travel	138	18,156	75,115	8,871	9,092	12,387	-	5,349	2,779	5,061	136,948	21,910	30,585	52,495	189,443
Total Operating Expenses	$ 48,349	$ 44,207	$ 512,476	$ 92,058	$ 36,340	$ 149,219	$ 30,095	$ 12,215	$ 14,318	$ 95,093	$ 1,034,370	$ 915,081	$ 160,183	$ 1,075,264	$ 2,109,634
Allocate Overhead	$ 10,677	$ 164,835	$ 238,316	$ 237,802	$ 107,309	$ 68,110	$ 20,091	$ 37,663	$ 42,665	$ 91,228	$ 1,018,696	$ (1,170,217)	$ 151,521	$ (1,018,696)	$ -
Total Expenses	$ 59,026	$ 911,294	$ 1,317,539	$ 1,314,699	$ 593,265	$ 376,550	$ 111,073	$ 208,222	$ 235,874	$ 504,354	$ 5,631,896	$ 332,534	$ 837,705	$ 1,170,239	$ 6,802,135

See independent auditor's report and notes to financial statements.

Note 1. Organization and Programs

The Center for Public Integrity (the Center) is a nonprofit, nonpartisan organization whose purpose is to produce original investigative journalism about significant public issues to make institutional power more transparent and accountable.

Note 2. Summary of Significant Accounting Policies

Basis of Presentation
Financial statement presentation follows the requirements of the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958, *Financial Statements of Not-for-Profit Organizations*. Under FASB ASC 958, the Center is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted, temporarily restricted and permanently restricted.

Revenue Recognition
The Center accounts for contributions in accordance with the requirements of FASB ASC 958. Under the guidelines of FASB ASC 958, contributions received are recorded as unrestricted, temporarily restricted or permanently restricted support depending on the existence and/or nature of any donor restrictions.

Support that is restricted by the donor, including pledges, is reported as an increase in temporarily restricted or permanently restricted net assets, depending on the nature of the restriction. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statements of activities as net assets released from restrictions. Contributions for which restrictions are met in the same period as received are reported as unrestricted contributions.

The Center reports gifts of equipment as unrestricted support unless explicit stipulations specify how the donated assets must 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 restricted support. Absent explicit stipulations about how long those long-lived assets must be maintained, the Center reports expirations of restrictions when the assets are placed in service.

Contributions, Grants, Accounts Receivable and Allowance for Doubtful Accounts
All contributions and grants are considered to be available for unrestricted use unless specifically restricted by the donor. Unconditional contributions and grants are recognized as revenue in the period the pledge is received. Conditional contributions and grants are recognized when the conditions on which they depend are substantially met.

Contributions and grants which are to be received in a future period are discounted to their net present value at the time the pledge is received.

Note 2. Summary of Significant Accounting Policies (Continued)

Donated investments are reflected in the accompanying financial statements at their estimated fair values at the date of donation. During the years ended December 31, 2014 and 2013, the Center received investments with an estimated fair value of $12,141 and $68,409, respectively.

Accounts receivable are recorded at the lower of cost or fair value. The risk of loss on the receivables is the balance due at the time of default. All receivables are unsecured. The Center uses the allowance method to determine uncollectible contributions and other receivables. The allowance is based upon experience, management's analysis of specific promises made, and other historical factors that pertain to the receivables. No interest is accrued on receivables. Management has determined that no allowance is necessary for the years ended December 31, 2014 and 2013, respectively.

Donated Goods and Services
The Center receives donated goods and services. Donated goods are recorded as in-kind contributions at their estimated fair value at the date of donation. The Center recognizes contribution revenue for certain contributed services received at the fair value of those services, based upon the requirements of FASB ASC 958. There were no in-kind contributions received during the years ended December 31, 2014 and 2013.

Property and Equipment and Depreciation
The Center capitalizes fixed assets with an original cost of $3,000 or more. Leasehold improvements, software, furniture, and equipment are recorded at cost. Donated equipment is reflected in the accompanying financial statements at its estimated value at the date of receipt. Depreciation is provided for in amounts sufficient to relate the cost of the depreciable assets to operations using the straight-line method over estimated useful lives of three to ten years. Leasehold improvements are amortized over the life of the lease.

Cash and Cash Equivalents
Cash and cash equivalents consists of cash on hand and cash in checking, money market and investment accounts at financial institutions.

Investments
Investments are recorded at fair market value. Unrealized gains and losses are reported separately in the statements of activities and changes in net assets.

Functional Allocation of Expenditures
The costs of providing various programs and other activities of the Center have been summarized on a functional basis in the accompanying financial statements. Costs that can be identified with particular programs or support functions are charged directly to that program or function. Salaries and related costs have been allocated among the programs and supporting services based upon level of effort study allocations and management's best estimates of the proportion of these costs applicable to each program. Other allocable costs have been allocated to program services and to support services based upon management's best estimates.

Note 2. Summary of Significant Accounting Policies (Concluded)

Use of Estimates
The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reported period. Actual results could differ from those estimates.

Fair Value of Financial Instruments
Items considered to be financial instruments (cash, contributions receivable, and accounts payable) are stated in the accompanying financial statements at amounts that approximate their fair value.

Income Taxes
The Internal Revenue Service has determined that the Center is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. Income that is not related to exempt purposes, less applicable deductions, is subject to federal and state corporate income taxes. The Center did not engage in activities that might give rise to income tax during 2014 and 2013, respectively. Accordingly, no provision for income tax is made in the accompanying financial statements.

FASB ASC 740 requires changes in recognition and measurement for uncertain tax positions. The Center has analyzed its tax positions and has concluded that no liability should be recorded related to any uncertain tax positions. The Center is not aware of any tax positions which it believes will change materially in the next twelve months. If this position changes, the Center will assess the impact of any such matters on its financial position and results of operations.

The Center files its information tax returns for Federal and District of Columbia reporting purposes. Currently, the Center's tax returns filed subsequent to the year ended December 31, 2011 remain subject to examination by major tax jurisdictions. The Center is currently not under audit by any tax jurisdiction.

Note 3. Accounts and Grants Receivable

Grants receivable are recognized when the donor makes a promise to give to the Center, that is, in substance, unconditional. Unconditional grants receivable due in the next year are reflected as current assets and are recorded at their net realizable value. Grants receivable due in subsequent years are reflected as long-term assets and are recorded at the present value of their net realizable value, discounted using risk-free interest rates applicable to the years in which the grants are received.

Note 3. Accounts and Grants Receivable (Concluded)

Grants receivable at December 31, 2014 and 2013 are as follows:

	2014	2013
Receivable in less than one year	$ 2,769,430	$ 3,076,965
Receivable in two to five years	1,978,963	985,328
Total Grants Receivable	$ 4,748,393	$ 4,062,293
Less discounts to net present value	(80,262)	(41,488)
Net Grants Receivable	$ 4,668,131	$ 4,020,805

The receivables have been discounted using a discount rate of 3.5% as of December 31, 2014 and 2013. The net discount recorded as of December 31, 2014 and 2013, was $80,262 and $41,488, respectively, and is reflected in the financial statements as a reduction of the long term grants receivable.

Management believes that all contributions, accounts and grants receivable are collectible. Accordingly, no provision for uncollectible accounts is included in the accompanying financial statements.

Note 4. Investments

In accordance with FASB ASC 820, "Fair Value Measurements", the Center has categorized its financial instruments, based on the priority of the inputs to the valuation technique, into a three-level fair value hierarchy. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). If the inputs used to measure the financial instruments fall within different levels of hierarchy, the categorization is based on the lowest level input that is significant to the fair value measurement of the instrument. Investments recorded in the statements of financial position are categorized based on the inputs to valuation techniques as follows:

- Level 1 – Inputs to the valuation methodology are quoted in an active market
- Level 2 – Inputs to the valuation methodology are inputs other than quoted prices that are observable for the assets
- Level 3 – Inputs to the valuation methodology that are unobservable and significant to the fair value measurement. These inputs reflect assumptions of management about assumptions market participants would use in pricing the investments. These investments include non-readily marketable securities that do not have an active market.

All of the investment assets recorded in the statements of financial position are Level 1 assets.

Note 4. Investments (Concluded)

The Center's investments are maintained in a brokerage account and were comprised of the following at December 31, 2014 and 2013:

	2014	2013
Blended mutual fund	$ 2,299,474	$ 2,374,903
Stocks	11,127	10,402
Bond funds	9,352	9,234
Total	$ 2,319,953	$ 2,394,539

A portion of the investment portfolio is permanently restricted (Note 6).

Note 5. Temporarily Restricted Net Assets

Temporarily restricted net assets were available for use for the following purposes or periods at December 31, 2014:

International Consortium of Investigative Journalism (ICIJ)	$ 2,617,091
The Ujima Project	171
State Integrity Project	554,765
Digital Transformation	26,556
Editorial Collaboration	3,051
Toxic Chemicals	130,946
Juvenile Justice	105,755
Gulf Coast	10,422
National Security	751,879
Health Care	35,000
Environmental General	101,211
Consider the Source – State	2,479,506
Consider the Source – Federal	569,320
Financial Reform	438,387
Time Restricted	300,000
ACLS Fellowship	99,550
Diversity Challenge	588,363
Total	$ 8,811,973

Note 5. Temporarily Restricted Net Assets (Continued)

Temporarily restricted net assets were available for use for the following purposes or periods at December 31, 2013:

International Consortium of Investigative Journalism (ICIJ)	$ 2,703,497
The Ujima Project	172
Citizens United Project	421,780
State Integrity Project	99,762
Editorial Collaboration	3,051
Toxic Chemicals	303,539
Juvenile Justice	343,136
Gulf Coast	10,422
National Security	897,170
Health Care	96,200
Environmental General	207,515
Consider the Source – Judiciary	555,778
Consider the Source – State	242,945
Financial Reform	583,804
Time Restricted	370,000
ACLS Fellowship	144,000
Total	$ 6,982,771

Note 5. Temporarily Restricted Net Assets (Concluded)

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes or by occurrence of other events specified by donors. The following is a summary of assets released from restriction during the year ended December 31, 2014 and 2013:

	2014
International Consortium of Investigative Journalism (ICIJ)	$ 1,496,048
State Integrity Project	394,997
Digital Transformation	53,444
Toxic Chemicals	172,593
Juvenile Justice	237,381
National Security	570,287
Health Care	96,200
Environmental General	714,009
Consider the Source – Judiciary	555,778
Consider the Source – State	651,082
Consider the Source – Federal	342,460
Financial Reform	445,417
Time Restricted	370,000
ACLS Fellowship	44,450
Diversity Challenge	11,637
	$ 6,155,783

	2013
International Consortium of Investigative Journalism (ICIJ)	$ 1,154,099
Citizens United Project	275,058
Financial Reform	297,346
Digital Transformation	326,934
Environmental General	768,939
Toxic Chemicals	144,968
Health Care	66,583
Health Reporting	37,500
State Integrity Project	205,568
Juvenile Justice	216,084
National Security	581,738
Time Restricted	370,000
Consider the Source – Judiciary	454,555
Consider the Source – State	350,065
	$ 5,249,437

Note 6. Permanently Restricted Net Assets

During 2008, $1,020,000 in permanently restricted endowment funds were contributed to the Center from the Fund for Independence in Journalism (Note 12). Prior to 2011, the earnings from the endowment were considered unrestricted and used for investigative journalism purposes. In 2011, the donor instituted additional restrictions on endowment earnings and required the Center to restore $250,000 of estimated investment returns from years prior to 2011 to the endowment fund. In 2012, the donor allowed a one-time transfer of funds to unrestricted net assets totaling $250,000. For years subsequent to 2011, the Center is planning to distribute 4% to 5% of the value of the endowment to general operating funds. The value of the endowment will be calculated on a rolling three year average.

The Center has adopted investment policies based on the requirements of the Uniform Prudent Management of Institutional Funds Act (UPMIFA), and in accordance with donor restrictions, contributions to the endowment fund are classified as permanently restricted net assets. Income from the fund is also classified as an increase in permanently restricted net assets.

The composition of endowment net assets for this fund and the changes in endowment net assets as of December 31, 2014 and 2013 are as follows:

	Permanently Restricted
Endowment net assets, December 31, 2012	$ 1,067,644
Transfers to unrestricted funds	-
Investment return	23,344
Contributions	-
Endowment net assets, December 31, 2013	$ 1,095,988
Transfer to unrestricted funds	-
Investment return, net	15,954
Contributions	-
Endowment net assets, December 31, 2014	$ 1,111,942

Note 7. Retirement Plan

The Center maintains a tax-deferred annuity plan (the Plan) qualified under Section 403(b) of the Internal Revenue Code. The Plan covers full-time employees meeting certain service requirements. The Plan allows all participants to contribute up to statutory limits as set by the Internal Revenue Service. The Center has implemented a safe harbor provision under which it makes contributions of at least 4% each year for employees. The Center has the discretion to make additional matching or non-matching contributions. For the years ended December 31, 2014 and 2013, the Center contributed $191,982 and $118,738, respectively, to the Plan.

Note 8. Lease Commitments

The Center leases office and storage space in the District of Columbia under a non-cancelable agreement expiring in 2019 which was amended in 2009. The lease amendment provides for a renewal option for an additional period of five years at an annual rate to be agreed upon by landlord and tenant and included a build-out allowance of approximately $251,000. Building improvements of approximately $145,000 were made during 2010 under the terms of the build-out allowance. The remaining build-out allowance of approximately $106,000 was applied to two month's rent expense in 2010 and one month's rent expense in 2011. Three months of rent were also abated in 2009. Accounting principles generally accepted in the United States of America require that the total rent commitment should be recognized on a straight-line basis over the term of the lease. Accordingly, the difference between the actual monthly payments and the rent expense being recognized for financial statement purposes is shown as deferred rent in the Statement of Financial Position. The build-out allowance will be amortized over the lease term. During December 2010, the Center amended the lease by adding additional space on the second and third floors of the building. The lease for the additional space began on January 1, 2011 and was set to expire on December 31, 2013. During October 2013, the lease for additional space on the second floor was extended through December 31, 2016 but the lease for additional space on the third floor was not renewed. Rent was abated for the first three months of the extension.

During August 2012, the Center entered into an agreement to sublease a portion of its office space. The lease was for an initial period of seventeen months. The sublease was renewed during December 2013. The lease calls for yearly payments of $26,400 and expires on December 31, 2015.

In April 2012, the Center entered into a sixty month lease for a copier machine. The lease calls for monthly payments of $552.

Minimum lease payments are as follows for future years ending December 31,

	Lease Payments	Sublease Income	Net
2015	$ 513,640	$ 26,400	$ 487,240
2016	526,298	-	526,298
2017	413,737	-	413,737
2018	422,363	-	422,363
2019	322,663	-	322,663
Total	$ 2,198,701	$ 26,400	$ 2,172,301

Rent expense for the years ended December 31, 2014 and 2013 was $460,590 and $555,808, respectively.

Note 9. Line of Credit

In 2013, the Center had a $1,000,000 line of credit with Wells Fargo Bank, N.A. The interest rate on the outstanding balance was the Bank's Prime rate plus 1.00%. The line of credit was subject to an interest rate floor of five percent and expired on July 2, 2014. The line of credit was due and payable on demand. In June 2014, the Center renewed and modified this line of credit. The available balance was increased to $1,500,000 and interest shall accrue on the outstanding balance at the Bank's Prime rate plus 0.50%. The line of credit expires on July 2, 2015 and may be renewed at the Bank's discretion. The agreement is secured by all of the personal property of the Center including all accounts, equipment, accessions, inventory, chattel paper, instruments, investment property, documents, letter-of-credit rights, deposit accounts, and general intangibles, wherever located. At December 31, 2014 and 2013, the outstanding balance was $0.

Note 10. Contingencies

The Center receives a significant portion of its revenue from grants. The ultimate determination of amounts received under these programs often is based on allowable costs reported to the donor. In some instances, the donor reserves the right to audit the program costs. Until the final settlement is reached with each donor, there exists a contingency to refund any amount received for costs deemed unallowable in an audit conducted by a donor.

The Center is a defendant in two lawsuits for alleged libel. The Center believes both suits are without merit and is vigorously defending its position. As the outcome of the cases cannot currently be determined, no liability has been accrued in the financial statements.

Note 11. Concentrations

Credit Risk

The Center maintains cash balances in national financial institutions. The balances are insured by the Federal Deposit Insurance Corporation (FDIC). The Center consistently maintains cash balances in excess of the FDIC insurable amount. The Center has not experienced any losses in such accounts.

Major Contributors

Five donors contributed 62% of the Center's revenue in 2014. As of December 31, 2014, there was $2,787,846 recorded as a receivable from these donors.

Six donors contributed 52% of the Center's revenue in 2013. As of December 31, 2013, there was $2,150,000 recorded as a receivable from these donors.

Note 12. Permanently Restricted and Board Designated Net Assets - Fund for Independence in Journalism

In December of 2008, the Board of Directors of the Fund for Independence in Journalism (the Fund) adopted a resolution to make the organization dormant. The Fund was established in 2003 under the IRS Code Section 509(a)(3) as a supporting organization for the Center. Going forward the Fund will have minimal operations to preserve both its tax status and name should the Fund's Board of Directors decide at some time in the future to reactivate the Fund.

A resolution by the Board of Directors of the Fund on December 11, 2008, established a new three-person Board of Directors composed of Center personnel, outlined steps for wrapping up active operations, and directed the Fund to make a grant to the Center of substantially all its assets. The Fund and the Center entered into a grant agreement describing the assets to be transferred. All assets have been transferred to the Center as of the date of this report and are reflected in the 2014 and 2013 financial statements of the Center. The assets transferred from the Fund to the Center consisted of $1,020,000 in permanently restricted net assets and $902,384 in Board designated net assets. The permanently restricted net assets are to be used to continue the Center's investigative journalism.

The assets that were transferred from the Fund to the Center were transferred on December 31, 2008 or in January 2009 into a global asset allocation fund whereby investment gains and losses are allocated between unrestricted, board designated and permanently restricted net assets.

Note 13. Subsequent Events

The Center has evaluated events through September 25, 2015 the date the financial statements were available to be issued, and determined that there were no events occurring subsequent to December 31, 2014, that would have a material impact on the Center's results of operations or financial position as of December 31, 2014.

The Center continues to work to rebuild its unrestricted net assets resulting from losses sustained in prior years. The Center is seeking to increase funds available to cover unrestricted expenses through general support grants, increased indirect cost recovery, and a coordinated major giving program led by a newly hired Chief Development Officer. During 2015 the Center has obtained a $2,000,000 grant that is for general support over the next five years. The Center has also evaluated expenses and anticipates a sizable reduction in expenses in 2015 with the aim to limit the growth in the unrestricted deficit. The members of the Board of Directors and management are committed to reducing the unrestricted deficit through the actions indicated.