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THE CENTER FOR PUBLIC INTEGRITY

FINANCIAL STATEMENTS

AND

INDEPENDENT AUDITORS' REPORT

DECEMBER 31, 2013 AND 2012

MATTHEWS, CARTER & BOYCE

RESPECT. CONFIDENCE. TRUST.

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THE CENTER FOR PUBLIC INTEGRITY

FINANCIAL STATEMENTS

DECEMBER 31, 2013 AND 2012

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MATTHEWS, CARTER & BOYCE
RESPECT. CONFIDENCE. TRUST.

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, 2013 and 2012, 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, 2013 and 2012, 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
June 13, 2014

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THE CENTER FOR PUBLIC INTEGRITY

STATEMENTS OF FINANCIAL POSITION

DECEMBER 31, 2013 AND 2012

ASSETS

	2013	2012
CURRENT ASSETS		
Cash and cash equivalents	$ 718,912	$ 382,156
Investments, current portion	19,636	310,680
Accounts receivable	-	27
Pledges receivable	59,080	73,174
Grants receivable, current portion	3,076,965	2,389,375
Employee advances	6,519	892
Prepaid expenses	104,796	80,033
Total Current Assets	$ 3,985,908	$ 3,236,337
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	(687,080)	(585,659)
Net Property and Equipment	$ 168,781	$ 270,202
OTHER ASSETS		
Grants receivable, net of current portion and discount of $41,488 and $9,388, respectively	$ 943,840	$ 778,654
Investments	2,374,903	2,110,237
Deposits	41,724	41,724
Total Other Assets	$ 3,360,467	$ 2,930,615
TOTAL ASSETS	$ 7,515,156	$ 6,437,154

LIABILITIES AND NET ASSETS

	2013	2012
CURRENT LIABILITIES		
Accounts payable and accrued expenses	$ 150,177	$ 109,413
Accrued salaries and benefits	181,244	123,922
Deferred contract revenue	-	50,093
Building allowance, current portion	16,323	16,323
Total Current Liabilities	$ 347,744	$ 299,751
LONG-TERM LIABILITIES		
Deferred rent	$ 331,677	$ 323,977
Deposits	2,012	2,512
Building allowance, non-current portion	77,536	93,860
Total Long-Term Liabilities	$ 411,225	$ 420,349
TOTAL LIABILITIES	$ 758,969	$ 720,100
NET ASSETS		
Unrestricted	$ (1,322,572)	$ (1,177,043)
Temporarily restricted	6,982,771	5,826,453
Permanently restricted	1,095,988	1,067,644
Total Net Assets	$ 6,756,187	$ 5,717,054
TOTAL LIABILITIES AND NET ASSETS	$ 7,515,156	$ 6,437,154

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, 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
Fiscal sponsorship	-	-	-	-
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
INTERFUND TRANSFERS	-	-	-	-
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 financial statements.

THE CENTER FOR PUBLIC INTEGRITY

STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS

FOR THE YEAR ENDED DECEMBER 31, 2012

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
REVENUE AND SUPPORT				
Grants and contributions	$ 1,271,177	$ 7,393,399	$ -	$ 8,664,576
Consulting fees and royalties	36,128	-	-	36,128
Board gifts	194,350	-	-	194,350
Other revenue	14,006	-	-	14,006
Net assets released from restriction due to satisfaction of program or time restrictions	5,586,692	(5,586,692)	-	-
Total Revenue and Support	$ 7,102,353	$ 1,806,707	$ -	$ 8,909,060
Investment activity:				
Interest and dividend income	$ 32,312	$ -	$ 26,189	$ 58,501
Realized gain on investments	30,501	-	-	30,501
Unrealized gain on investments	116,367	-	-	116,367
Total Investment Activity	$ 179,180	$ -	$ 26,189	$ 205,369
Total Revenue, Support and and Investment Activity	$ 7,281,533	$ 1,806,707	$ 26,189	$ 9,114,429
EXPENSES				
Program services				
Communications	$ 94,994	$ -	$ -	$ 94,994
Environmental	585,828	-	-	585,828
International Consortium of Investigative Journalists (ICIJ)	1,618,524	-	-	1,618,524
Money and politics	779,832	-	-	779,832
Defense and security	274,716	-	-	274,716
Fiscal sponsorship	622,456	-	-	622,456
Editorial management	468,304	-	-	468,304
Health care	383,813	-	-	383,813
State integrity	674,483	-	-	674,483
Social issues	362,459	-	-	362,459
Digital	701,791	-	-	701,791
Total Program Services	$ 6,567,200	$ -	$ -	$ 6,567,200
Support services				
Management and general	$ 422,880	$ -	$ -	$ 422,880
Fundraising and development	643,870	-	-	643,870
Total Support Services	$ 1,066,750	$ -	$ -	$ 1,066,750
Total Expenses	$ 7,633,950	$ -	$ -	$ 7,633,950
CHANGES IN NET ASSETS	$ (352,417)	$ 1,806,707	$ 26,189	$ 1,480,479
INTERFUND TRANSFERS	250,000	-	(250,000)	-
NET ASSETS, BEGINNING OF YEAR	(1,074,626)	4,019,746	1,291,455	4,236,575
NET ASSETS, END OF YEAR	$ (1,177,043)	$ 5,826,453	$ 1,067,644	$ 5,717,054

See independent auditors' report and notes to financial statements.

THE CENTER FOR PUBLIC INTEGRITY

STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012

	2013	2012
Reconciliation of change in net assets to net cash provided by operating activities		
Change in net assets	$ 1,039,133	$ 1,480,479
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation expense	$ 101,421	$ 110,965
Unrealized gain on investments	(206,555)	(116,367)
Donated securities	(68,409)	(1,057)
Realized gain on investments	(66)	(30,501)
Change in assets and liabilities		
(Increase) Decrease in Assets:		
Accounts receivable	27	3,973
Pledges receivable	14,094	42,229
Grants receivable	(852,776)	(422,312)
Employee advances	(5,627)	11,223
Prepaid expenses	(24,763)	(2,693)
Increase (Decrease) in Liabilities:		
Accounts payable and accrued expenses	40,764	(37,301)
Accrued salaries and benefits	57,322	(62,490)
Grants payable	-	(696,122)
Deferred rent	7,700	(3,908)
Deferred contract revenue	(50,093)	50,093
Building allowance	(16,324)	(16,323)
Total Adjustments	$ (1,003,285)	$ (1,170,591)
Net Cash Provided by Operating Activities	$ 35,848	$ 309,888
CASH FLOWS FROM INVESTING ACTIVITIES		
Cash paid for purchases of property and equipment	$ -	$ (5,135)
Purchases of investments	(57,811)	(2,612,425)
Increase (decrease) in deposits	(500)	2,512
Sale of investments	359,219	2,569,781
Net Cash Provided (Used) by Investing Activities	$ 300,908	$ (45,267)
CASH FLOWS FROM FINANCING ACTIVITIES		
Line of credit activity, net	$ -	$ (500,000)
Net Cash Provided (Used) by Financing Activities	$ -	$ (500,000)
NET INCREASE (DECREASE) IN CASH	$ 336,756	$ (235,379)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	382,156	617,535
CASH AND CASH EQUIVALENTS, END OF YEAR	$ 718,912	$ 382,156
SUPPLEMENTAL INFORMATION		
Interest paid	$ -	$ 1,760

There were no non-cash investing or financing activities during the years ended December 31, 2013 and 2012.

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, 2013

	Program Services															
	Communi-cations	Environ-mental	ICIJ	Money & Politics	Defense & Security	Fiscal Sponsorship	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.

THE CENTER FOR PUBLIC INTEGRITY

STATEMENT OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED DECEMBER 31, 2012

	Program Services															
	Communi-cations	Environ-mental	ICIJ	Money & Politics	Defense & Security	Fiscal Sponsorship	Editorial Management	Health Care	State Integrity	Social Issues	Digital	Total	Management & General	Fundraising & Development	Total	Total Expenses
Personnel																
Wages	$ 31,486	$ 363,453	$ 582,501	$ 486,667	$ 174,807	$ -	$ 199,002	$ 205,226	$ 134,960	$ 222,455	$ 381,582	$ 2,782,139	$ 542,249	$ 340,206	$ 882,455	$ 3,664,594
Payroll taxes	2,466	25,604	43,258	34,013	12,726	-	16,215	15,610	10,330	15,874	28,384	204,480	40,594	25,025	65,619	270,099
403(b) employer match	900	12,523	19,322	16,910	5,872	-	6,173	6,672	4,365	7,505	12,623	92,865	18,106	11,366	29,472	122,337
Employee benefits	2,424	29,409	47,838	39,284	14,005	-	16,620	16,785	11,395	18,181	31,709	227,650	50,358	27,977	78,335	305,985
Total Personnel	$ 37,276	$ 430,989	$ 692,919	$ 576,874	$ 207,410	$ -	$ 238,010	$ 244,293	$ 161,050	$ 264,015	$ 454,298	$ 3,307,134	$ 651,307	$ 404,574	$ 1,055,881	$ 4,363,015
Operating																
Advertising and promotion	$ 400	$ -	$ 120	$ 3,989	$ -	$ -	$ -	$ -	$ -	$ -	$ 3,726	$ 8,235	$ 1,210	$ 354	$ 1,564	$ 9,799
Bad debt	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Bank charges and fees	-	44	326	20	20	-	-	-	-	-	-	410	5,563	3,837	9,400	9,810
Consulting/contract staff	10,880	14,511	304,284	27,762	5,575	-	59,101	63,425	115,023	15,681	76,045	692,287	140,772	47,661	188,433	880,720
Copying and printing	3,404	122	146	55	-	-	234	-	-	-	-	3,961	5,323	6,220	11,543	15,504
Depreciation/amortization	-	-	-	-	-	-	-	-	-	-	-	-	110,965	-	110,965	110,965
Dues and filing fees	3,440	645	903	91	-	-	5,490	-	-	-	5,150	15,719	8,489	4,481	12,970	28,689
Equipment purchase/lease	-	-	2,532	-	-	-	-	-	-	1,166	-	3,698	7,573	-	7,573	11,271
Fiscal sponsor expenses	-	-	-	-	-	585,256	-	-	-	-	-	585,256	-	-	-	585,256
Grants and awards	-	-	6,000	-	-	37,200	25,000	-	260,000	-	-	328,200	164,800	-	164,800	493,000
Insurance	-	-	-	-	-	-	12,589	-	-	-	-	12,589	36,005	-	36,005	48,594
Interest and finance charges	-	-	-	-	-	-	-	-	-	-	-	-	1,759	-	1,759	1,759
Meetings and conferences	-	329	152	25	20	-	33	-	-	-	68	627	1,056	-	1,056	1,683
Miscellaneous expenses	-	-	75	-	1	-	-	-	-	-	14	90	728	-	728	818
Recruiting	-	-	-	-	-	-	-	-	-	-	199	199	3,457	-	3,457	3,656
Rent	-	-	-	-	-	-	50	-	-	-	-	50	509,122	-	509,122	509,172
Repairs and maintenance	-	-	-	-	-	-	-	-	-	-	-	-	1,328	-	1,328	1,328
Research	-	3,983	29,883	7,883	4,944	-	23,672	421	3,662	1,586	-	76,034	60	4,936	4,996	81,030
Postage and shipping	591	43	1,791	-	-	-	29	-	-	-	61	2,515	4,351	7,435	11,786	14,301
Subscriptions	127	-	-	175	-	-	-	-	-	-	-	302	325	140	465	767
Supplies - office	140	-	704	-	-	-	(100)	-	-	-	61	805	10,687	3,496	14,183	14,988
Technology services	20,033	1,468	214,422	772	204	-	2,869	75	495	-	22,022	262,360	36,925	16,053	52,978	315,338
Telephone	-	-	3,452	-	-	-	-	-	-	-	29	3,481	503	-	503	3,984
Training	-	-	-	-	-	-	2,094	-	-	-	70	2,164	-	-	-	2,164
Travel	-	16,661	39,656	6,188	2,453	-	7,029	31	2,854	7,248	1,874	83,994	24,432	17,913	42,345	126,339
Total Operating Expenses	$ 39,015	$ 37,806	$ 604,446	$ 46,960	$ 13,217	$ 622,456	$ 138,090	$ 63,952	$ 382,034	$ 25,681	$ 109,319	$ 2,082,976	$ 1,075,433	$ 112,526	$ 1,187,959	$ 3,270,935
Allocate Overhead	$ 18,703	$ 117,033	$ 321,159	$ 155,998	$ 54,089	$ -	$ 92,204	$ 75,568	$ 131,399	$ 72,763	$ 138,174	$ 1,177,090	$ (1,303,860)	$ 126,770	$ (1,177,090)	$ -
Total Expenses	$ 94,994	$ 585,828	$ 1,618,524	$ 779,832	$ 274,716	$ 622,456	$ 468,304	$ 383,813	$ 674,483	$ 362,459	$ 701,791	$ 6,567,200	$ 422,880	$ 643,870	$ 1,066,750	$ 7,633,950

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, 2013 and 2012, the Center received investments with an estimated fair value of $68,409 and $1,057, 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, 2013 and 2012, 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, 2013 and 2012.

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 timesheet 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 2013 and 2012, respectively. Accordingly, no provision for income tax is made in the accompanying financial statements.

The Center has adopted Financial Accounting Standards Board Interpretation No. 48, Accounting for Uncertainty in Income Taxes, (FIN 48), as permitted by FASB Staff Position (FSP) FIN 48-3, which is codified at FASB ASC 740. 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, 2010 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, 2013 and 2012 are as follows:

	2013	2012
Receivable in less than one year	$ 3,076,965	$ 2,389,375
Receivable in two to five years	985,328	788,042
Total Grants Receivable	$ 4,062,293	$ 3,177,417
Less discounts to net present value	(41,488)	(9,388)
Net Grants Receivable	$ 4,020,805	$ 3,168,029

The receivables have been discounted using a discount rate of 3.5% and 4.5% as of December 31, 2013 and 2012, respectively. The net discount recorded as of December 31, 2013 and 2012, was $41,488 and $9,388, 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, 2013 and 2012:

	2013	2012
Blended mutual fund	$ 2,374,903	$ 2,110,237
Stocks	10,402	-
Bond funds	9,234	310,680
Total	$ 2,394,539	$ 2,420,917

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, 2013:

International Consortium of Investigative Journalism (ICIJ)	$ 2,703,497
The Ujima Project	172
Citizens United Project	421,780
State Integrity Project	99,762
Digital Transformation	-
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 (Continued)

Temporarily restricted net assets were available for use for the following purposes or periods at December 31, 2012:

International Consortium of Investigative Journalism (ICIJ)	$ 1,551,279
The Ujima Project	172
Citizens United Project	121,838
State Integrity Project	145,299
Digital Transformation	326,935
Editorial Collaboration	3,051
Toxic Chemicals	148,507
Juvenile Justice	14,220
Gulf Coast	10,422
National Security	848,500
Health Care	62,783
Environmental General	431,454
Consider the Source – Judiciary	1,010,333
Consider the Source – State	593,010
Health Reporting	37,500
Time Restricted	240,000
Financial Reform	281,150
Total	$ 5,826,453

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, 2013 and 2012:

	2013
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

	2012
ICIJ	$ 825,911
The Ujima Project	291,343
Looting the Seas	104,583
Citizens United Project	587,885
Financial Reform	101,350
Digital Transformation	547,651
Fiscal Sponsorship	784,950
Environmental General	443,546
Toxic Chemicals	133,456
Time Restricted	250,000
Communications	5,347
Capacity Building	7,500
Editorial	3,194
Families in Crisis	63,819
Health Care	337,217
State Integrity Project	560,305
Juvenile Justice	244,901
National Security	223,182
Fact Checking	25,000
Editorial Collaboration	8,894
Consider the Source – Judiciary	29,668
Consider the Source – State	6,990
	$ 5,586,692

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, 2013 and 2012 are as follows:

	Permanently Restricted
Endowment net assets, December 31, 2011	$ 1,291,455
Transfers to unrestricted funds	(250,000)
Investment return	26,189
Contributions	-
Endowment net assets, December 31, 2012	$ 1,067,644
Transfer to unrestricted funds	-
Investment return	28,344
Contributions	-
Endowment net assets, December 31, 2013	$ 1,095,988

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, 2013 and 2012, the Center contributed $118,738 and $122,337, 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 statements 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 expired on December 31, 2013. During October 2013, the lease for additional space on the second floor was extended through December 31, 2016. Rent is 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 is for an initial period of seventeen months. Minimum sublease income under the agreement is $2,012 per month. The sublease expired on December 31, 2013. 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
2014	$ 467,777	$ 26,400	$ 441,377
2015	513,640	26,400	487,240
2016	526,298	-	526,298
2017	413,737	-	413,737
2018	422,363	-	422,363
Thereafter	322,663	-	322,663
Total	$ 2,666,478	$ 52,800	$ 2,613,678

Rent expense for the years ended December 31, 2013 and 2012 was $555,808 and $509,172, respectively.

Note 9. Line of Credit

The Center has a $1,000,000 line of credit with Wells Fargo Bank, N.A. Interest accrues on the outstanding balance at the Bank's Prime rate plus 1.00%. The line of credit is subject to an interest rate floor of five percent and expires on July 2, 2014. 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. The line of credit is due and payable on demand. At December 31, 2013 and 2012, 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
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.

Six donors contributed 53% of the Center's revenue in 2012. As of December 31, 2012, there was $2,058,668 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 2013 and 2012 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. Presentation of Prior Year Financial Statements

Certain accounts and descriptions in the prior year financial statements have been modified for comparative purposes to conform with the presentation of the current year financial statements.

Upon further examination of a prior year grant, it was determined that a portion of the multi-year transaction should have been recorded as temporarily restricted revenue. A correcting reclassification was made in 2012 between unrestricted and temporarily restricted revenue in the amount of $240,000.

Note 14. Subsequent Events

The Center has evaluated events through June 13, 2014 the date the financial statements were available to be issued, and determined that there were no events occurring subsequent to December 31, 2013, that would have a material impact on the Center's results of operations or financial position as of December 31, 2013.