REPORT OF

INVESTIGATIVE REPORTERS AND EDITORS, INC.

JUNE 30, 2017 and 2016

WILLIAMS KEEPERS LLC
CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Investigative Reporters and Editors, Inc.

We have audited the accompanying financial statements of Investigative Reporters and Editors, Inc. ("IRE"), which comprise the statements of financial position as of June 30, 2017 and 2016, the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of IRE as of June 30, 2017 and 2016, and the changes in its net assets and its cash flows for the years then ended in accordance with U.S. generally accepted accounting principles

Other Matter

Our audits were conducted for the purpose of forming an opinion on the financial statements taken as a whole. The accompanying supplementary information on pages 16 through 18 is presented for the purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with U.S. generally accepted auditing standards. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Williams Keepers LLC

March 22, 2018

INVESTIGATIVE REPORTERS AND EDITORS, INC.

STATEMENTS OF FINANCIAL POSITION
June 30, 2017 and 2016

ASSETS	2017	2016
Cash and cash equivalents	$ 960,281	$ 1,684,273
Accounts receivable	380,823	282,138
Prepaid expenses	84,001	25,330
Publications inventory	15,347	16,333
Pledges and grants receivable	200,000	102,239
Capital assets, net of accumulated depreciation of $720,000 for 2017 and $484,0000 for 2016	603,318	583,322
Investments	4,493,452	4,079,596
Total assets	$ 6,737,222	$ 6,773,231
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts payable	$ 467,522	$ 347,309
Funds administered as a fiscal agent	56,731	254,981
Unearned revenues	22,500	31,850
Total liabilities	546,753	634,140
NET ASSETS		
Unrestricted:		
Reserve funds	500,403	300,120
Other	694,928	800,748
Total unrestricted	1,195,331	1,100,868
Temporarily restricted	1,571,643	1,659,718
Permanently restricted	3,423,495	3,378,505
Total net assets	6,190,469	6,139,091
Total liabilities and net assets	$ 6,737,222	$ 6,773,231

The notes to financial statements are an integral part of these statements.

INVESTIGATIVE REPORTERS AND EDITORS, INC.

STATEMENT OF ACTIVITIES
Year Ended June 30, 2017
(with summarized totals for 2016)

	2017				2016
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Total
OPERATING ACTIVITIES					
REVENUE AND OTHER SUPPORT					
Membership	$ 271,588	$ -	$ -	$ 271,588	$ 290,333
Sales and services	191,830	-	-	191,830	148,679
Conferences and seminars	762,405	-	-	762,405	781,119
Contributions	80,496	936,374	-	1,016,870	1,374,451
Investment return	283	223,632	-	223,915	153,210
Other	49,577	-	-	49,577	32,470
Net assets released from restrictions	1,248,081	(1,248,081)	-	-	-
Total revenue and other support	2,604,260	(88,075)	-	2,516,185	2,780,262
EXPENSES					
Program:					
Member services	122,076	-	-	122,076	117,631
Sales and services	785,368	-	-	785,368	723,405
Conferences and seminars	918,795	-	-	918,795	736,523
Awards contest	16,372	-	-	16,372	20,187
Total program expense	1,842,611	-	-	1,842,611	1,597,746
General and administrative	599,549	-	-	599,549	578,772
Fund-raising	67,637	-	-	67,637	72,911
Total expenses	2,509,797	-	-	2,509,797	2,249,429
Excess of operating revenues and other support over expenses	94,463	(88,075)	-	6,388	530,833
NONOPERATING ACTIVITIES					
Contributions	-	-	35,473	35,473	39,295
Investment return	-	-	9,517	9,517	17,043
Gain (loss) on disposal of assets	-	-	-	-	(16,138)
Increase in net assets	94,463	(88,075)	44,990	51,378	571,033
Net assets at beginning of year	1,100,868	1,659,718	3,378,505	6,139,091	5,568,058
Net assets at end of year	$ 1,195,331	$ 1,571,643	$ 3,423,495	$ 6,190,469	$ 6,139,091

The notes to financial statements are an integral part of these statements.

INVESTIGATIVE REPORTERS AND EDITORS, INC.

STATEMENT OF ACTIVITIES
Year Ended June 30, 2016

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
OPERATING ACTIVITIES				
REVENUE AND OTHER SUPPORT				
Membership	$ 290,333	$ -	$ -	$ 290,333
Sales and services	148,679	-	-	148,679
Conferences and seminars	781,119	-	-	781,119
Contributions	129,879	1,244,572	-	1,374,451
Investment return	57	153,153	-	153,210
Awards contest entry fees	32,470	-	-	32,470
Net assets released from restrictions	1,300,845	(1,300,845)	-	-
Total revenue and other support	2,683,382	96,880	-	2,780,262
EXPENSES				
Program:				
Member services	117,631	-	-	117,631
Sales and services	723,405	-	-	723,405
Conferences and seminars	736,523	-	-	736,523
Awards contest	20,187	-	-	20,187
Total program expense	1,597,746	-	-	1,597,746
General and administrative	578,772	-	-	578,772
Fund-raising	72,911	-	-	72,911
Total expenses	2,249,429	-	-	2,249,429
Excess of operating revenues and other support over expenses	433,953	96,880	-	530,833
NONOPERATING ACTIVITIES				
Contributions	-	-	39,295	39,295
Investment return	-	-	17,043	17,043
Loss on disposal of assets	(16,138)	-	-	(16,138)
Increase in net assets	417,815	96,880	56,338	571,033
Net assets at beginning of year	683,053	1,562,838	3,322,167	5,568,058
Net assets at end of year	$ 1,100,868	$ 1,659,718	$ 3,378,505	$ 6,139,091

The notes to financial statements are an integral part of these statements.

INVESTIGATIVE REPORTERS AND EDITORS, INC.

STATEMENTS OF CASH FLOWS
Years Ended June 30, 2017 and 2016

	2017	2016
OPERATING ACTIVITIES		
Increase in net assets	$ 51,378	$ 571,033
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation expense	235,983	170,664
Realized and unrealized investment (gain)	(74,055)	(15,082)
Loss on disposal of equipment	-	16,138
Permanently restricted contributions	(35,473)	(39,295)
Reinvested endowment earnings	(9,517)	(17,043)
(Increases) decreases in operating assets and Increases (decreases) in operating liabilities:		
Accounts receivable	(98,685)	(56,195)
Pledges and grants receivable	(97,761)	697,334
Prepaid expenses	(58,671)	(6,955)
Publications inventory	986	(2,771)
Accounts payable	120,213	33,674
Funds administered as a fiscal agent	(198,250)	254,981
Unearned revenues	(9,350)	25,710
Net cash provided (used) by operating activities	(173,202)	1,632,193
INVESTING ACTIVITIES		
Capital asset additions	(255,979)	(394,654)
Purchases of investments	(604,343)	(559,725)
Sales of investments	439,782	412,641
Net change in cash sweep account	(175,240)	(485,409)
Net cash (used) by investing activities	(595,780)	(1,027,147)
FINANCING ACTIVITIES		
Cash collected from permanently restricted contributions	35,473	39,295
Reinvested endowment earnings	9,517	17,043
Net cash provided by financing activities	44,990	56,338
Net increase (decrease) in cash and cash equivalents	(723,992)	661,384
Cash and cash equivalents, beginning of year	1,684,273	1,022,889
Cash and cash equivalents, end of year	$ 960,281	$ 1,684,273

The notes to financial statements are an integral part of these statements.

INVESTIGATIVE REPORTERS AND EDITORS, INC.

NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization: Investigative Reporters and Editors, Inc. (IRE) is a non-profit, educational organization of journalists, students, researchers, and academics. IRE's purpose is to enhance the skills and resources available to working journalists and to teach the techniques of investigative work.

IRE operates the National Institute for Computer-Assisted Reporting (NICAR), a joint program of IRE and the Missouri School of Journalism. NICAR's mission is to train and educate journalists in the techniques and technologies of computer-assisted reporting. Its mission is also to conduct data analysis and research to help news organizations better serve the public.

Financial statement presentation: The accompanying financial statements are prepared on the accrual basis of accounting. In accordance with U.S. generally accepted accounting principles for not-for-profit organizations, IRE reports its financial position and activities according to three classes of net assets: unrestricted, temporarily restricted and permanently restricted. The classification of net assets as temporarily or permanently restricted is based on the existence of donor-imposed stipulations that specify a use for a contributed asset that is more specific than broad limits resulting from IRE's basic mission and the environment in which it operates. Assets without donor-imposed restrictions, including assets designated for specific use by IRE's Board of Directors, are included in unrestricted net assets.

Temporary restrictions are donor-imposed stipulations that either expire by passage of time or can be fulfilled and removed by actions of IRE pursuant to those stipulations. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statement of Activities as net assets released from restrictions.

Permanent restrictions are donor-imposed stipulations that neither expire by passage of time nor can be fulfilled or otherwise removed by actions of IRE.

Contributions in-kind: IRE receives office space and utilities at no charge from the University of Missouri - Columbia. The estimated annual fair value of these contributions, $12,000, and the off-setting expenses are included in the Statement of Activities.

Estimates: The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Cash equivalents: For purposes of the statement of cash flows, investments with an original maturity of three months or less are considered to be cash equivalents unless they are included in the long-term investment portfolio. IRE maintains cash balances at financial institutions that are insured by the Federal Deposit Insurance Corporation (FDIC).

Investments: Equity securities with readily determinable fair values and debt securities are reported in the financial statements at fair value. Fair value represents the estimated market value of the underlying securities and is generally obtained from IRE's investment manager, who obtains quoted market prices and dealer quotes.

Inventory: Inventory is determined using the first in, first out (FIFO) method and is stated at lower of cost or market.

Receivables: IRE records an allowance for estimated uncollectible accounts when necessary. At June 30, 2017 and 2016, IRE considered all accounts to be fully collectible.

Capital assets: Capital assets, which consist of computers and other equipment and website development costs, are stated at cost if purchased or fair value if contributed. Capitalized assets are depreciated over 3-7 years using the straight-line method.

Program expenses: Program expenses include expenses directly related to the respective programs and certain allocated indirect expenses. Indirect expenses, such as telephone, postage, and other staff salaries that pertain to IRE general programs, are allocated to specific programs based on criteria established by management.

Income taxes: IRE is exempt from Federal income tax under Section 501(c)(3) of the Internal Revenue Code. IRE's Form 990 annual report to the Internal Revenue Service (IRS) and its taxable status are subject to examination by the IRS for open tax years, which as of the date of this report are the years ended June 30, 2014 through 2017. Interest and penalties incurred, if any, related to annual Form 990 or unrelated business income tax filings are reported within general and administrative expenses in the Statement of Activities.

Subsequent events: Events that occurred subsequent to June 30, 2017 have been evaluated through March 22, 2018, which is the date the financial statements were available to be issued.

2. CASH AND INVESTMENTS

	2017	2016
Cash and cash equivalents:		
Checking:		
Reserve funds portion	$ -	$ 100,041
Other	459,403	1,383,678
Interest-bearing cash account:		
Reserve funds portion	500,403	200,079
Petty cash fund	475	475
Total cash and cash equivalents	$ 960,281	$ 1,684,273
Long-term investment portfolio:		
Cash sweep accounts	$ 873,500	$ 698,260
Common and preferred stocks	1,029,810	982,654
Master limited partnership	30,585	38,070
Corporate and municipal bonds	2,559,557	2,360,612
Total long-term investments	$ 4,493,452	$ 4,079,596
Long-term investment portfolio consists of:		
Investments under IRE's sole control	$ 4,019,932	$ 3,618,964
Investments limited as to use (FOI revolving fund - see Note 6)	473,520	460,632
	$ 4,493,452	$ 4,079,596

Components of investment return:

	2017	2016
Interest and dividends, less investment fees	$ 159,377	$ 155,171
Net investment gains (losses)	74,055	15,082
	$ 233,432	$ 170,253
Operating activities	$ 223,915	$ 153,210
Nonoperating activities	9,517	17,043
	$ 233,432	$ 170,253

Reserve fund policy:

In June 2015, IRE approved a formal reserve policy setting goals for the amount of emergency reserves IRE must have on hand. These goals set the floor and the ceiling for the reserve at three months and six months, respectively, of total operating expense. Operating expenses are calculated based on quarterly payroll expenses and annualized budgeted administrative and general expenses. Reserve funds are available to be used in the case of a financial shortfall requiring immediate attention. A proposal to use reserve funds requires approval by the Board of Directors. If reserve funds fall below the floor amount, any funds that are available at the end of the fiscal year are to be used to replenish the reserves.

3. FAIR VALUE OF FINANCIAL INSTRUMENTS

For assets and liabilities required to be reported at fair value, generally accepted accounting principles prescribes a framework for measuring fair value and for making financial statement disclosures about fair value. A fair value hierarchy has been established that distinguishes between market participant assumptions based on market data obtained from sources independent of the reporting entity (observable inputs that are classified within Levels 1 and 2 of the hierarchy) and the reporting entity's own assumptions about market participant assumptions (unobservable inputs classified within Level 3 of the hierarchy).

The fair value hierarchy as prescribed by generally accepted accounting principles is as follows:

Level 1 Valuation is based upon quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity has the ability to access within 90 days of the measurement date.

Level 2 Valuation is based upon quoted prices for similar assets and liabilities in active markets, as well as inputs that are observable for the asset or liability (other than quoted prices), such as interest rates, foreign exchange rates, and yield curves that are observable at commonly quoted intervals.

Level 3 Valuation is generated from model-based techniques that use at least one significant assumption based on unobservable inputs for the asset or liability, which are typically based on an entity's own assumptions, because there is little, if any, related market activity.

In instances where the determination of the fair value measurement is based on inputs from different levels of the fair value hierarchy, the level in the fair value hierarchy within which the entire fair value measurement falls is based on the lowest level input that is significant to the fair value measurement in its entirety. IRE's assessment of the significance of a particular input to the fair value measurement in its entirety requires judgment, and considers factors specific to the asset or liability.

IRE's assets measured at fair value on a recurring basis as of June 30, 2017 and 2016, aggregated by the level in the fair value hierarchy within which those measurements fall, are as follows:

Description	Total	Level 1	Level 2	Level 3
2017:				
Common and preferred stocks:				
Financial services	$ 43,526	$ 43,526	$ -	$ -
Industrial materials	277,284	277,284	-	-
Energy	190,183	190,183	-	-
Transportation	106,783	106,783	-	-
Utilities	65,151	65,151	-	-
Health care	151,884	151,884	-	-
Consumer goods	17,783	17,783	-	-
Communications	127,471	127,471	-	-
Construction	160	160		
Food and Beverage	49,585	49,585	-	-
Master ltd. partnership - energy	30,585	30,585		
Corporate bonds	2,514,551	-	2,514,551	-
Municipal bonds	45,006	-	45,006	-
Total investments at fair value	3,619,952	$ 1,060,395	$ 2,559,557	$ -
Cash sweep accounts	873,500			
Total investment portfolio	$ 4,493,452			
2016:				
Common and preferred stocks:				
Financial services	$ 40,950	$ 40,950	$ -	$ -
Industrial materials	245,504	245,504	-	-
Energy	186,272	186,272	-	-
Transportation	58,924	58,924	-	-
Utilities	70,974	70,974	-	-
Health Care	134,690	134,690	-	-
Consumer goods	16,934	16,934	-	-
Communications	176,563	176,563	-	-
Food and Beverage	51,843	51,843	-	-
Master ltd. partnership - energy	38,070	38,070	-	-
Corporate bonds	2,309,622	-	2,309,622	-
Municipal bonds	50,990	-	50,990	-
Total investments at fair value	3,381,336	$ 1,020,724	$ 2,360,612	$ -
Cash sweep accounts	698,260			
Total investment portfolio	$ 4,079,596			

Level 1 classifications for IRE consist of common stocks and preferred stocks where fair value is based on quoted prices in active markets.

Level 2 classifications for IRE consist of corporate and municipal bonds where fair value is determined using other observable inputs.

4. CAPITAL ASSETS

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

	2017	2016
Computers and other equipment	$ 100,792	$ 88,406
IRE website	15,000	15,000
Document Cloud website	964,076	572,474
Total in service, at cost	1,079,868	675,880
Less accumulated depreciation	(720,143)	(484,160)
Total in service, net of depreciation	359,725	191,720
Document Cloud website improvements not yet placed in service	243,593	391,602
Total capital assets, net of depreciation	$ 603,318	$ 583,322

Depreciation expense of $235,983 and $170,664 was recorded for the years ended June 30, 2017 and 2016, respectively.

5. CONTRIBUTIONS

Contributions received, including unconditional promises to give, are recognized as revenues in the period in which the contributions or pledges are made, at the net present value of their estimated future cash flows. Pledges that are conditional promises to give are recognized in the period in which the conditions are met. Grants are included with contributions for purposes of financial reporting.

Pledges and grants receivable at June 30, 2017 and 2016, are primarily from foundations and news organizations and are as follows:

	2017	2016
Due in one year or less	$ 133,000	$ 102,239
Due in two through five years	67,000	-
Net pledges and grants receivable	$ 200,000	$ 102,239

6. FUNDS ADMINISTERED AS A FISCAL AGENT

From time to time, IRE may agree to serve as a fiscal agent for other organizations or individuals who have received grant funding for purposes that are not inconsistent with IRE's mission. In situations where IRE is only a fiscal agent administering the grant receipts and expenditures and reporting to or on behalf of the grant recipients, but has no grant program performance responsibility, the funding receipts and expenditures from those receipts are reported as a liability on IRE's Statement of Financial Position. IRE charges an administrative fee for its fiscal agent services.

7. TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets represent resources either expendable only for purposes specified by the donor or subject to a donor's time restrictions as to when they are available for expenditure. The following represent the temporarily restricted net assets at June 30, 2017 and 2016:

	2017	2016
Non-endowment contributions:		
John S. and James L. Knight Foundation grants:		
Panda project	$ -	$ 9,367
Document Cloud additional grants (see note below)	-	384,927
Census	5,007	13,787
NFOIC Freedom of Information revolving fund	460,632	460,632
Ethics & Excellence grants:		
Watchdog Workshops support	100,000	108,000
The Kohlberg Foundation	150,000	150,000
Project Word:		
RSF Social Finance contribution	105,028	130,593
Other contributions	9,295	650
Open Elections:		
Sunlight Foundation grant	9,117	10,000
Other contributions	250	250
Ford Foundation (time restricted)	200,000	100,000
Joshua Mailman Fund	15,000	-
Meghan Hoyer and Mike Gruss Fund	2,170	-
Accumulated unappropriated earnings on endowment funds (see Note 7)	515,144	291,512
Total temporarily restricted net assets	$ 1,571,643	$ 1,659,718

NFOIC Freedom of Information revolving fund: IRE and the National Freedom of Information Coalition (NFOIC), a nonprofit organization, entered into a Memorandum of Understanding (MOU) on October 1, 2015. Under the terms of the MOU, a total of $460,632, which was the balance of an original $500,000 grant to NFOIC from the John S. and James L. Knight Foundation, was transferred on June 10, 2016, by the University of Missouri, operating as a fiscal agent for the grant, to IRE to act as a successor fiscal agent for the grant. The purpose of the grant was to establish a revolving fund to help defray costs for individual states of the U.S. for FOI litigation. Because of the related nature of the mission of IRE and NFOIC, and because IRE's responsibilities for the FOI grant program management extend beyond being a fiscal agent, IRE has reported the funds received as contribution revenue in its Statement of Activities and as an investment in its Statement of Financial Position. Consistent with this accounting, IRE intends to report as changes in net assets in its Statement of Activities for future periods investment earnings and expenditures of the funds and return by states of any unspent grant funds previously distributed to them.

Temporarily restricted net assets are reclassified as additions to unrestricted net assets in the Statement of Activities upon satisfaction of purpose and/or time restrictions placed by donors on their respective contributions and related investment return. The following summarizes the releases from restrictions for the years ended June 30:

	2017	2016
Expenditures meeting purpose restrictions:		
From non-endowment contributions	$ 1,248,081	$ 1,300,845

8. ENDOWMENT FUNDS

Endowment funds consist of contributions that the donors have required to be maintained in perpetuity, including any outstanding donor pledges of endowment contributions. Endowment funds are invested in IRE's long-term investment portfolio, but at any point in time a portion may be temporarily held in uninvested bank deposit accounts.

Interpretation of Relevant Law

A version of the Uniform Prudent Management of Institutional Funds Act (UPMIFA) is the law governing the management of donor-restricted endowment funds in Missouri. UPMIFA provides guidance for investment management and expenditure decisions related to endowment funds.

The Board of Directors of IRE has interpreted UPMIFA as requiring the preservation of the fair value of the original gift as of the gift date for donor-restricted endowment funds, absent explicit donor stipulations to the contrary. As a result of this interpretation, IRE classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. Pursuant to UPMIFA, the remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by IRE in a manner consistent with the standard of prudence prescribed by UPMIFA. In accordance with UPMIFA, IRE considers the following factors in making a determination to appropriate or accumulate from a donor-restricted endowment fund: duration and preservation of the endowment fund; purposes of IRE and the endowment funds; general economic conditions; the possible effect of inflation and deflation; the expected total return from income and the appreciation of investments; other resources of IRE; and the investment policies of IRE.

IRE has not adopted a spending rate approach for appropriation of endowment earnings for expenditure. Instead, endowment earnings are expended based on the current needs of the organization and consistent with the purpose restrictions imposed by the donors. Accordingly, endowment gifts are invested appropriately to provide maximum long-term growth of the endowment portfolio balanced with the liquidity needed for current expenditure of a portion of the endowment earnings. A diversified mix of money market funds and equity and fixed income securities traded in public markets is used to achieve these objectives.

Funds with Deficiencies

From time to time, due to unfavorable market conditions, the fair value of assets associated with individual donor restricted endowment funds may fall below the level that the donor or UPMIFA requires IRE to retain as a fund of perpetual duration. Because the portion of an endowment that is deemed to be permanently restricted for financial reporting purposes cannot be decreased by such decreases in fair value, deficiencies of this nature are charged against unrestricted net assets.

The following is a summary of changes in endowment funds for the years ended June 30, 2017 and 2016. All endowment funds are donor-restricted.

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets, July 1, 2015	$ -	$ 138,359	$ 3,322,167	$ 3,460,526
Investment return:				
Investment income, net	-	138,071	17,043	155,114
Net (depreciation) - realized and unrealized	-	15,082	-	15,082
Contributions	-	-	39,295	39,295
Endowment net assets, June 30, 2016	-	291,512	3,378,505	3,670,017
Investment return:				
Investment income, net	-	149,577	9,517	159,094
Net appreciation - realized and unrealized	-	74,055	-	74,055
Contributions				
Permanently restricted	-	-	35,473	35,473
Board designated for endowment	25,000	-	-	25,000
Endowment net assets, June 30, 2017	$ 25,000	$ 515,144	$ 3,423,495	$ 3,963,639

The following is a summary of changes in endowments by net asset classification for the years ended June 30, 2017 and 2016:

	Long-term Investment Portfolio	Temporary Cash Funds	Pledges Receivable	Total
Balance, July 1, 2015	$ 3,431,942	$ 28,584	$ -	$ 3,460,526
Contributions and change in discount	-	39,295	-	39,295
Investment return:				
Income	155,114	-	-	155,114
Appreciation (depreciation)	15,082	-	-	15,082
Expenditures	-	-	-	-
Investment of permanently restricted funds	-	-	-	-
Transfers	16,747	(16,747)	-	-
Balance, June 30, 2016	3,618,885	51,132	-	3,670,017
Contributions and change in discount	-	35,473	-	35,473
Board-designated endowment contributions	-	25,000	-	25,000
Investment return:				
Income	159,094	-	-	159,094
Appreciation (depreciation)	74,055	-	-	74,055
Expenditures	-	-	-	-
Investment of permanently restricted funds	161,892	(161,892)	-	-
Transfers	18,816	(18,816)	-	-
Balance, June 30, 2017	$ 4,032,742	$ (69,103)	$ -	$ 3,963,639

The following are the permanently restricted amounts of donor restricted endowment funds maintained by IRE, including any outstanding pledges of contributions that are permanently restricted:

	2017	2016
John S. and James L. Knight Foundation: Cumulative amounts recognized under challenge grants. The grants call for an annual addition to the permanently restricted portion for inflation	$ 1,514,016	$ 1,504,499
Other individual endowment funds, excluding any portion of the Knight Foundation challenge match funds that are allocable to these individual funds:		
Eugene S. Pulliam Fund: to fund the salary and other expenses of the IRE Resource Center directorship.	475,000	475,000
Samuel I. Newhouse Foundation: for general IRE purposes	150,000	150,000
Gannett Foundation: to fund computer assisted investigative reporting training sessions	100,000	100,000
Nicholas B. Ottaway Foundation: to fund minority fellowships.	200,000	200,000
Las Vegas Sun: to fund investigative reporting training sessions	100,000	100,000
Fund for Freelance Journalists: to fund training fellowships for journalists working on investigative projects	92,224	92,224
Phillip Graham Foundation: to fund minority fellowships	25,000	25,000
James Bennett Award Funds: to fund fellowships to IRE/NICAR training events for students in Arkansas (except for the University of Arkansas-Fayetteville), Oklahoma, Louisiana, and Mississippi.	9,382	9,382
General endowment: Cumulative individual donor contributions, some of which has been designated for specific purposes	757,873	722,400
Total permanently restricted portion of donor restricted endowment funds	$ 3,423,495	$ 3,378,505

9. COMMITMENTS AND CONTINGENCIES

From time to time, IRE may receive grants which require any unused funds to be returned to the grantor at the conclusion of the grant period. Unless it is uncertain whether or not grant funds will be used for their respective restricted purpose within the grant period, unexpended grant funds are reported as temporarily restricted net assets. As of June 30, 2017 and 2016, any unexpended grant funds have been reported as contributions and are included in temporarily restricted net assets.

INVESTIGATIVE REPORTERS AND EDITORS, INC.

COMBINED SCHEDULE OF PROGRAM ACTIVITY AND FUNCTIONAL EXPENSES
Years Ended June 30, 2017 and 2016

	2017 IRE	2017 NICAR	2017 Total	2016 IRE	2016 NICAR	2016 Total
Membership						
Revenue						
Membership	$ 85,639	$ -	$ 85,639	$ 94,762	$ -	$ 94,762
Membership - student	16,155	-	16,155	14,945	-	14,945
Membership - international	8,505	-	8,505	11,512	-	11,512
Renewals	144,232	-	144,232	146,014	-	146,014
Renewals - student	6,375	-	6,375	8,870	-	8,870
Renewals - international	5,956	-	5,956	9,395	-	9,395
Non-member journal subscriptions and advertising	4,726	-	4,726	4,835	-	4,835
Total membership revenue	271,588	-	271,588	290,333	-	290,333
Service expenses						
IRE Journal	39,309	-	39,309	40,767	-	40,767
Salary and personnel costs	80,436	-	80,436	74,764	-	74,764
Postage and shipping	2,000	-	2,000	2,100	-	2,100
Other	331	-	331	-	-	-
Total membership service expense	122,076	-	122,076	117,631	-	117,631
Net membership activity	149,512	-	149,512	172,702	-	172,702
Sales and services						
Book sales	21,305	-	21,305	27,023	-	27,023
Book costs	16,172	-	16,172	18,149	-	18,149
Net book activity	5,133	-	5,133	8,874	-	8,874
Resource center sales	64,618	-	64,618	37,895	-	37,895
Resource center expenses	68,490	-	68,490	55,775	-	55,775
Net resource center activity	(3,872)	-	(3,872)	(17,880)	-	(17,880)
Web services revenue	32,451	-	32,451	35,001	-	35,001
Current year contributions	30,000	-	30,000	20,000	-	20,000
Prior year contributions released from restrictions	20,000	-	20,000	20,000	-	20,000
Current year contributions not released from restrictions	(20,000)	-	(20,000)	(20,000)	-	(20,000)
Web services expenses	78,683	-	78,683	69,690	-	69,690
Net web services activity	(16,232)	-	(16,232)	(14,689)	-	(14,689)
Database library revenue	-	18,650	18,650	-	23,245	23,245
Database library expenses	-	51,112	51,112	-	72,212	72,212
Net database library activity	-	(32,462)	(32,462)	-	(48,967)	(48,967)
Uplink subscription revenue	-	-	-	-	4,160	4,160
Net uplink activity	-	-	-	-	4,160	4,160
Royalty revenue	4,975	-	4,975	4,898	-	4,898
Open Elections:						
Current year contributions	100	-	100	-	-	-
Prior year contributions released from restrictions	882	-	882	8,064	-	8,064
Open Election expenses	5,933	-	5,933	8,064	-	8,064
Net Open Election activity	(4,951)	-	(4,951)	-	-	-
Census:						
Prior year contributions released from restrictions	8,780	-	8,780	11,696	-	11,696
Census expenses	8,780	-	8,780	11,696	-	11,696
Net Census activity	-	-	-	-	-	-
Project Word:						
Current year contributions	123,644	-	123,644	200,450	-	200,450
Prior year contributions released from restrictions	100,565	-	100,565	16,947	-	16,947
Current year contributions not released from restrictions	(98,395)	-	(98,395)	(131,042)	-	(131,042)
Project Word expenses	161,213	-	161,213	86,355	-	86,355
Net Project Word activity	(35,399)	-	(35,399)	-	-	-
Document Cloud:						
Current year contributions	-	-	-	-	-	-
Prior year contributions released from restrictions	384,927	-	384,927	618,025	-	618,025
Document Cloud expenses:						
Total expenditures	395,340	-	395,340	624,371	-	624,371
Less website costs capitalized	(243,593)	-	(243,593)	(391,602)	-	(391,602)
Website depreciation expense	243,242	-	243,242	160,241		160,241
Net Document Cloud activity	(10,062)	-	(10,062)	225,015	-	225,015
NFOIC:						
Current year contributions	-	-	-	460,632	-	460,632
Current year contributions not released from restrictions	-	-	-	(460,632)	-	(460,632)
NFOIC activity	-	-	-	-	-	-
Net other sales and services revenue	49,835	-	49,835	8,003	-	8,003
Net sales and services activity	(10,573)	(32,462)	(43,035)	214,221	(44,807)	169,414

INVESTIGATIVE REPORTERS AND EDITORS, INC.

COMBINED SCHEDULE OF PROGRAM ACTIVITY AND FUNCTIONAL EXPENSES - CONTINUED
Years Ended June 30, 2017 and 2016

	2017			2016		
	IRE	NICAR	Total	IRE	NICAR	Total
Conferences and seminars						
National conference						
Registrations and fees	342,551	181,480	524,031	362,578	209,307	571,885
Optional CAR Day	-	20,283	20,283	-	20,409	20,409
Other revenues	19,730	10,895	30,625	24,020	18,461	42,481
Current year contributions	490,960	69,500	560,460	194,990	24,500	219,490
Prior year contributions released from restrictions	-	-	-	89,475	-	89,475
Total national conference revenues	853,241	282,158	1,135,399	671,063	272,677	943,740
Conference expenses	366,300	176,261	542,561	208,511	179,611	388,122
Net national conference activity	486,941	105,897	592,838	462,552	93,066	555,618
On the road seminars						
Registrations and fees	-	65,462	65,462	-	40,046	40,046
Current year contributions	-	140,000	140,000	-	251,000	251,000
Prior year contributions released from restrictions	-	150,000	150,000	-	148,740	148,740
Current year contributions not released from restrictions	-	(150,000)	(150,000)	-	(150,000)	(150,000)
Seminar expenses	-	225,683	225,683	-	214,462	214,462
Net on the road seminar activity	-	(20,221)	(20,221)	-	75,324	75,324
Bootcamps						
Registrations and fees	-	80,774	80,774	-	-	-
Current year contributions	-	2,170	2,170	-	81,617	81,617
Current year contributions not released from restrictions	-	(2,170)	(2,170)	-	-	-
Seminar expenses	-	53,670	53,670	-	41,650	41,650
Net bootcamp activity	-	27,104	27,104	-	39,967	39,967
Watchdog conferences						
Registrations and fees	41,230	-	41,230	24,681	-	24,681
Current year contributions	80,000	-	80,000	93,000	-	93,000
Prior year contributions released from restrictions	88,000	-	88,000	80,000	-	80,000
Current year contributions not released from restrictions	(80,000)	-	(80,000)	(80,000)	-	(80,000)
Conference expenses	84,188	-	84,188	81,749	-	81,749
Net watchdog conference activity	45,042	-	45,042	35,932	-	35,932
Lumina						
Prior year contributions released from restrictions	-	-	-	5,000	-	5,000
Net lumina activity	-	-	-	5,000	-	5,000
Other conference and seminar expenses	12,693	-	12,693	10,540	-	10,540
Net other conference and seminar activity	(12,693)	-	(12,693)	(10,540)	-	(10,540)
Net conferences and seminars activity	519,290	112,780	632,070	492,944	208,357	701,301

INVESTIGATIVE REPORTERS AND EDITORS, INC.

COMBINED SCHEDULE OF PROGRAM ACTIVITY AND FUNCTIONAL EXPENSES - CONTINUED
Years Ended June 30, 2017 and 2016

	2017			2016		
	IRE	NICAR	Total	IRE	NICAR	Total
Other grants and contributions						
In-kind	12,000	-	12,000	12,000	-	12,000
Current year contributions	68,496	-	68,496	117,879	-	117,879
Prior year contributions released from restrictions	100,000	-	100,000	-	-	-
Current year contributions not released from restrictions	(200,000)	-	(200,000)	-	-	-
Total other grants and contributions	(19,504)	-	(19,504)	129,879	-	129,879
Other support and revenues						
Award contest fees	33,439	-	33,439	32,470	-	32,470
Award contest expenses	16,372	-	16,372	20,187	-	20,187
Net award contest activity	17,067	-	17,067	12,283	-	12,283
Investment return	223,915	-	223,915	153,210	-	153,210
Gain (loss) on disposal of assets	16,138	-	16,138	(16,138)	-	(16,138)
Net other support and revenue	257,120	-	257,120	149,355	-	149,355
Net program activity	895,845	80,318	976,163	1,159,101	163,550	1,322,651
General and administrative expenses						
Salary and personnel costs	387,116	-	387,116	373,595	-	373,595
Professional services						
Consulting	893	-	893	4,618	-	4,618
Accounting	21,615	-	21,615	20,410	-	20,410
Legal	4,538	-	4,538	15,879	-	15,879
Total professional services	27,046	-	27,046	40,907	-	40,907
General office expenses						
Telephone and fax	5,804	800	6,604	7,463	-	7,463
Postage	3,366	622	3,988	2,733	744	3,477
Office supplies	3,430	-	3,430	2,386	-	2,386
Photocopying	2,343	-	2,343	2,536	-	2,536
Computer software and support	11,248	-	11,248	17,119	-	17,119
Equipment expense	2,102	-	2,102	-	-	-
Office space, utilities - in-kind	12,000	-	12,000	12,000	-	12,000
Credit card service fees	40,688	-	40,688	44,489	-	44,489
Other office expense	73,786	-	73,786	56,665	-	56,665
Total general office expense	154,767	1,422	156,189	145,391	744	146,135
Other expenses						
Publications	30	-	30	107	-	107
Travel costs - board	4,399	-	4,399	4,232	-	4,232
Travel costs - staff	15,890	-	15,890	3,373	-	3,373
Non-program depreciation expense	8,879	-	8,879	10,423	-	10,423
Total other expenses	29,198	-	29,198	18,135	-	18,135
Total general and administrative expenses	598,127	1,422	599,549	578,028	744	578,772
Fund-raising expenses:						
Salary and personnel costs	67,637	-	67,637	72,911	-	72,911
Total fund-raising expenses	67,637	-	67,637	72,911	-	72,911
Excess of operating revenues over expenses	230,081	78,896	308,977	508,162	162,806	670,968
Prior year contributions released from restrictions	(703,154)	(150,000)	(853,154)	(849,207)	(148,740)	(997,947)
Current year contributions not released from restrictions	550,565	-	550,565	841,674	-	841,674
Permanently restricted contributions	35,473	-	35,473	39,295	-	39,295
Investment return added to endowment	9,517	-	9,517	17,043	-	17,043
Total net assets (deficit), beginning	6,132,754	6,337	6,139,091	5,575,787	(7,729)	5,568,058
Total net assets (deficit), ending	$ 6,255,236	$ (64,767)	$ 6,190,469	$ 6,132,754	$ 6,337	$ 6,139,091