

**MISSISSIPPI NEWS AND INFORMATION
CORPORATION**

Audited Financial Statements
Year Ended December 31, 2015

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Mississippi News and Information Corporation
Ridgeland, Mississippi

Report on the Financial Statements

We have audited the accompanying financial statements of Mississippi News and Information Corporation (the "Organization"), which comprise the statement of financial position as of December 31, 2015 and the related statements of activities and cash flows for the year then ended and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. 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 the Organization as of December 31, 2015 and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

A handwritten signature in black ink that reads "Horne LLP". The signature is written in a cursive, flowing style.

HORNE LLP
Ridgeland, Mississippi
June 23, 2016

MISSISSIPPI NEWS AND INFORMATION CORPORATION

Statement of Financial Position

Year Ended December 31, 2015

ASSETS	
Cash and cash equivalents	\$ 517,431
Contributions receivable, net	2,208,549
Other assets	4,225
TOTAL ASSETS	<u>\$ 2,730,205</u>
LIABILITIES AND NET ASSETS	
LIABILITIES	
Accounts payable and accrued liabilities	\$ 28,656
Total liabilities	<u>28,656</u>
NET ASSETS	
Unrestricted	654,417
Temporarily restricted	2,047,132
Total net assets	<u>2,701,549</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 2,730,205</u>

See notes to financial statements.

MISSISSIPPI NEWS AND INFORMATION CORPORATION

Statement of Activities

Year Ended December 31, 2015

	Unrestricted	Temporarily Restricted	Total
REVENUES			
Contributions			
Major gifts	\$ 500,000	\$ 1,858,549	\$ 2,358,549
Grant income	200,000	300,000	500,000
Total contributions	700,000	2,158,549	2,858,549
Other income	641	-	641
Total revenues	700,641	2,158,549	2,859,190
Net assets released from restrictions	111,417	(111,417)	-
Total revenues and net assets released from restrictions	812,058	2,047,132	2,859,190
EXPENSES			
Editorial	139,686	-	139,686
General and administration	10,455	-	10,455
Fundraising	7,500	-	7,500
Total expenses	157,641	-	157,641
CHANGE IN NET ASSETS	654,417	2,047,132	2,701,549
NET ASSETS, BEGINNING OF YEAR	-	-	-
NET ASSETS, END OF YEAR	\$ 654,417	\$ 2,047,132	\$ 2,701,549

See notes to financial statements.

MISSISSIPPI NEWS AND INFORMATION CORPORATION

Statement of Cash Flows
Year Ended December 31, 2015

CASH FLOWS FROM OPERATING ACTIVITIES	
Change in net assets	\$ 2,701,549
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Discount on contributions receivable	141,451
Changes in operating assets and liabilities:	
Contributions receivable	(2,350,000)
Other assets	(4,225)
Accounts payable and accrued liabilities	28,656
Net cash provided by operating activities	<u>517,431</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	517,431
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	-
CASH AND CASH EQUIVALENTS, END OF YEAR	<u><u>\$ 517,431</u></u>

See notes to financial statements.

MISSISSIPPI NEWS AND INFORMATION CORPORATION

Notes to Financial Statements
Year Ended December 31, 2015

NOTES TO FINANCIAL STATEMENTS

Note 1. Organization

Mississippi News and Information Corporation (the "Organization"), operating as *Mississippi Today*, was incorporated on October 3, 2014 as a nonpartisan, nonprofit digital news and information resource that aggressively and objectively covers state and local government affairs and community issues, including education, health, economic development, poverty and race, as well as Mississippi's social culture. The Organization launched its web site, www.mississippitoday.org, on March 28, 2016.

Note 2. Summary of Significant Accounting Policies

Basis of Presentation – The financial statements are presented in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP") as defined by the Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC"). Under the accrual basis of accounting, revenue is recognized when earned regardless of when collected and expenses are recognized when the obligation is incurred regardless of when paid. Net assets, revenues and expenses are classified based on the existence or absence of donor-imposed restrictions.

Accordingly, net assets of the Organization and changes therein are classified and reported as follows:

Unrestricted net assets – These net assets are not subject to donor-imposed stipulations. Expenses are reported as decreases in unrestricted net assets.

Temporarily restricted net assets – These net assets are subject to donor-imposed stipulations, which limit their use by the Organization to a specific purpose and/or by the passage of time.

Permanently restricted net assets – These net assets are subject to donor-imposed stipulations, which require them to be maintained permanently by the Organization. The Organization had no permanently restricted net assets as of December 31, 2015.

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

Cash and Cash Equivalents – The Organization considers all highly liquid investments with an original maturity of three months or less to be cash equivalents.

Contributions Receivable – Contributions receivable reflect donation commitments to the Organization, comprised of pledge and grant receivables. Pledged contributions expected to be collected in the current fiscal year are recorded as unrestricted revenue. Future collections (contribution pledges to be received and satisfied in subsequent fiscal years) are reported as temporarily restricted revenue at the present value of the estimated future cash flows using the discount rate commensurate with the risks involved, even if their ultimate use is unrestricted. The Organization performs ongoing reviews of contributions receivable for collectability. At December 31, 2015, all balances were viewed as collectable and no allowance for uncollectable accounts was deemed necessary.

MISSISSIPPI NEWS AND INFORMATION CORPORATION

Notes to Financial Statements
Year Ended December 31, 2015

NOTES TO FINANCIAL STATEMENTS

Note 2. Continued

Contributions – Contributions are recognized as revenue in the period unconditional promises to give are received. Conditional promises to give are not recognized until they become unconditional, that is when the conditions on which they depend are substantially met.

Functional Expenses – The expense information contained in the statement of activities is presented on a functional basis in the categories of editorial, fundraising and general and administrative. Accordingly, certain expenses are allocated between functional categories.

Income Taxes – The Organization has been granted tax-exempt status under Section 501(c)(3) of the Internal Revenue Code and under similar provisions for the State of Mississippi.

Note 3. Contributions Receivable

At December 31, 2015, a discount rate of 3% was used to discount the anticipated cash flows on long-term unconditional promises to give. At December 31, amounts due from unconditional promises to give were as follows:

	2015
Contributions due in less than one year	\$ 350,000
Contributions due in one to four years	2,000,000
	<u>2,350,000</u>
Less discount to net present value	(141,451)
Contributions receivable, net	<u>\$ 2,208,549</u>

Note 4. Leases

The Organization leases office space under a noncancelable five year operating lease from an affiliate of a board member. The lease agreement was signed in December 2015 and the Organization moved into the space in January of 2016. The lease requires the Organization to pay the insurance, taxes and other expenses in addition to the minimum monthly rental. Minimum future rental payments as of December 31, 2015 were as follows:

2016	\$ 54,165
2017	55,317
2018	56,898
2019	58,479
2020	58,479
	<u>\$ 283,338</u>

A board member has agreed to pay the minimum monthly rental amount in excess of \$850 for the five year term.

MISSISSIPPI NEWS AND INFORMATION CORPORATION
Notes to Financial Statements
Year Ended December 31, 2015

NOTES TO FINANCIAL STATEMENTS

Note 5. Concentration of Credit Risk

Financial instruments that potentially subject the Organization to significant concentrations of credit risk consist principally of cash and cash equivalents and contributions receivable. The Organization maintains its cash account with a major financial institution which, at times, may exceed federally insured limits. The Organization has not experienced any losses in this account and believes that its cash balance is not exposed to any significant risk. Contributions receivable are from limited sources, subjecting the Organization to a concentration of credit risk.

Note 6. Temporarily Restricted Net Assets

Temporarily restricted net assets were available for the following purposes at December 31:

	<u>2015</u>
Operations (time-restricted)	\$ 1,908,549
Salaries (purpose and time-restricted)	138,583
Temporarily restricted net assets	<u>\$ 2,047,132</u>

Note 7. Related Party Transactions

During the year ended December, 31, 2015, the Organization received contributions from board members of \$200,000 and at December 31, 2015 had outstanding contribution receivables from board members of \$1,800,000.

Note 8. Subsequent Events

The Organization has evaluated subsequent events through June 23, 2016 the date the financial statements were available to be issued.