MISSISSIPPI NEWS AND INFORMATION CORPORATION

Audited Financial Statements
Year Ended December 31, 2016
(With Summarized Financial Information for the 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, 2016, the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements (collectively, 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 Organization as of December 31, 2016, and 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.

Report on Summarized Comparative Information

We have previously audited the Organization's 2015 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated June 23, 2016. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2015, is consistent, in all material respects, with the audited financial statements from which it has been derived.

HORNE LLP

Ridgeland, Mississippi
September 29, 2017
MISSISSIPPI NEWS AND INFORMATION CORPORATION

STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2016 AND 2015

<table>
<thead>
<tr>
<th></th>
<th>2016</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>ASSETS:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash and cash equivalents</td>
<td>$ 517,885</td>
<td>$ 517,431</td>
</tr>
<tr>
<td>Contributions receivable, net</td>
<td>2,156,048</td>
<td>2,208,549</td>
</tr>
<tr>
<td>Other assets</td>
<td>9,547</td>
<td>4,225</td>
</tr>
<tr>
<td>Property and equipment, net</td>
<td>76,339</td>
<td>-</td>
</tr>
<tr>
<td><strong>TOTAL ASSETS</strong></td>
<td>$ 2,759,819</td>
<td>$ 2,730,205</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>2016</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>LIABILITIES AND NET ASSETS:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>LIABILITIES:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Accounts payable and accrued liabilities</td>
<td>$ 41,882</td>
<td>$ 28,656</td>
</tr>
<tr>
<td>Deferred revenue</td>
<td>3,250</td>
<td>-</td>
</tr>
<tr>
<td>Deferred rent</td>
<td>1,287</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total liabilities</strong></td>
<td>46,419</td>
<td>28,656</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>2016</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>NET ASSETS:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Unrestricted</td>
<td>565,028</td>
<td>654,417</td>
</tr>
<tr>
<td>Temporarily restricted</td>
<td>2,148,372</td>
<td>2,047,132</td>
</tr>
<tr>
<td><strong>Total net assets</strong></td>
<td>2,713,400</td>
<td>2,701,549</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>2016</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>TOTAL LIABILITIES AND NET ASSETS</strong></td>
<td>$ 2,759,819</td>
<td>$ 2,730,205</td>
</tr>
</tbody>
</table>

See notes to financial statements.
MISSISSIPPI NEWS AND INFORMATION CORPORATION

STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2016
(with summarized totals for the year ended December 31, 2015)

<table>
<thead>
<tr>
<th></th>
<th>2016 Unrestricted</th>
<th>2016 Temporarily Restricted</th>
<th>2016 Total</th>
<th>2015 Total</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>REVENUES:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Contributions:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Major gifts</td>
<td>$299,669</td>
<td>$201,389</td>
<td>$501,058</td>
<td>$2,358,549</td>
</tr>
<tr>
<td>Grant income</td>
<td>1,500</td>
<td>588,434</td>
<td>589,934</td>
<td>500,000</td>
</tr>
<tr>
<td>Event sponsorships</td>
<td>57,673</td>
<td>-</td>
<td>57,673</td>
<td>-</td>
</tr>
<tr>
<td>Annual fund</td>
<td>53,418</td>
<td>-</td>
<td>53,418</td>
<td>-</td>
</tr>
<tr>
<td>Total contributions</td>
<td>412,260</td>
<td>789,823</td>
<td>1,202,083</td>
<td>2,858,549</td>
</tr>
<tr>
<td>Advertising</td>
<td>11,750</td>
<td>-</td>
<td>11,750</td>
<td>-</td>
</tr>
<tr>
<td>Other income</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>641</td>
</tr>
<tr>
<td>Total revenues</td>
<td>424,010</td>
<td>789,823</td>
<td>1,213,833</td>
<td>2,859,190</td>
</tr>
<tr>
<td>Net assets released from restrictions</td>
<td>688,583</td>
<td>(688,583)</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Total revenues and net assets released from restrictions</td>
<td>1,112,593</td>
<td>101,240</td>
<td>1,213,833</td>
<td>2,859,190</td>
</tr>
</tbody>
</table>

| **EXPENSES:**        |                    |                              |            |            |
| Editorial            | 1,001,931          | -                            | 1,001,931  | 139,686    |
| General and administration | 84,541 | - | 84,541 | 10,455 |
| Fundraising          | 115,510            | -                            | 115,510    | 7,500      |
| Total expenses       | 1,201,982          | -                            | 1,201,982  | 157,641    |

| **CHANGE IN NET ASSETS** | (89,389) | 101,240 | 11,851 | 2,701,549 |
| **NET ASSETS, BEGINNING OF YEAR** | 654,417 | 2,047,132 | 2,701,549 | - |
| **NET ASSETS, END OF YEAR** | $565,028 | $2,148,372 | $2,713,400 | $2,701,549 |

See notes to financial statements.
MISSISSIPPI NEWS AND INFORMATION CORPORATION

STATEMENT OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2016 and 2015

<table>
<thead>
<tr>
<th></th>
<th>2016</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>CASH FLOWS FROM OPERATING ACTIVITIES:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Change in net assets</td>
<td>$ 11,851</td>
<td>$ 2,701,549</td>
</tr>
<tr>
<td>Adjustments to reconcile change in net assets to net cash provided by operating activities:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Discount on contributions receivable</td>
<td>(39,823)</td>
<td>141,451</td>
</tr>
<tr>
<td>Depreciation expense</td>
<td>14,415</td>
<td>-</td>
</tr>
<tr>
<td>Changes in assets and liabilities that provided (used) cash:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Contributions receivable</td>
<td>92,324</td>
<td>(2,350,000)</td>
</tr>
<tr>
<td>Other assets</td>
<td>(5,322)</td>
<td>(4,225)</td>
</tr>
<tr>
<td>Accounts payable and accrued liabilities</td>
<td>13,226</td>
<td>28,656</td>
</tr>
<tr>
<td>Deferred revenue</td>
<td>3,250</td>
<td>-</td>
</tr>
<tr>
<td>Deferred rent</td>
<td>1,287</td>
<td>-</td>
</tr>
<tr>
<td>Net cash provided by operating activities</td>
<td>91,208</td>
<td>517,431</td>
</tr>
</tbody>
</table>

| **CASH FLOWS FROM INVESTING ACTIVITIES:** |             |             |
| Purchases of property and equipment    | (90,754)    | -           |

| **NET CHANGE IN CASH AND CASH EQUIVALENTS** | 454         | 517,431     |

| **CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR** | 517,431     | -           |

| **CASH AND CASH EQUIVALENTS, END OF YEAR** | $ 517,885   | $ 517,431   |

See notes to financial statements.
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 purposes and/or 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, 2016 and 2015.

Summarized Financial Information – The financial statements include certain prior-year summarized comparative information in total, but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Company's financial statements for the year ended December 31, 2015, from which the summarized information was derived.

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, 2016 and 2015, all balances were viewed as collectable and no allowance for uncollectable accounts was deemed necessary.

Property and Equipment – Property and equipment are capitalized at cost and depreciated on the straight-line basis over the estimated useful lives of the assets, ranging from three to seven years. The Organization capitalizes all acquisitions of property and equipment in excess of $1,000 and a useful life of more than one year.

Contributions and Grants – Contributions and grants are recognized as revenue in the period unconditional promises to give are received. Conditional contributions are recognized when the conditions on which they depend are substantially met. Nonmonetary contributions are recorded at estimated fair value at date of receipt. Contributions whose restrictions are met in the same reporting period are reported as unrestricted support.

Advertising Revenue – Advertising payments received in advance of the agreement period are recorded as deferred revenue and recognized ratably over the agreement period as advertising income.

Deferred Rent – The Organization has entered into an operating lease agreement which contains a provision for future rent increases. The total amount of rental payments due over the lease term is being charged to rent expense on the straight-line method over the term of the lease. The difference between rent expense recorded and the amount paid is reflected as deferred rent in the statement of financial position.

Functional Expenses – The expense information contained in the statements 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 is a non-profit corporation that is tax-exempt under Section 501(c) (3) of the Internal Revenue Code, except to the extent of unrelated business income, if any. The Organization did not have any unrelated business income in 2015. However, during the year ended December 31, 2016, the Organization had unrelated business income and recorded estimated federal tax expense of $1,000.

Recently Issued Accounting Pronouncements – In May 2014, the FASB issued ASU No. 2014-09, Revenue from Contracts with Customers (Topic 606), which clarifies the principles for recognizing revenue. This guidance requires an entity to recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The Organization will be required to adopt ASU No. 2014-09 as of January 1, 2019. The Organization is currently evaluating the impact of ASU No. 2014-09 on the Organization's financial condition and results of operations.
NOTES TO FINANCIAL STATEMENTS

Note 2. Summary of Significant Accounting Policies – Continued

In February 2016, the FASB issued ASU 2016-02, Leases (Topic 842), which sets out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract (i.e. lessees and lessors). The new standard requires lessees to apply a dual approach, classifying leases as either finance or operating leases based on the principle of whether or not the lease is effectively a financed purchase by the lessee. This classification will determine whether lease expense is recognized based on an effective interest method or on a straight-line basis over the term of the lease, respectively. A lessee is also required to record a right-of-use asset and a lease liability for all leases with a term of greater than 12 months regardless of their classification. Leases with a term of 12 months or less will be accounted for similar to existing guidance for operating leases today. The new standard requires lessors to account for leases using an approach that is substantially equivalent to existing guidance for sales-type leases, direct financing leases and operating leases. The standard is effective on January 1, 2020, with early adoption permitted. The Organization is in the process of evaluating the impact of this new guidance.

In August 2016, the FASB issued ASU No. 2016-14, Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities, which will change certain financial statement requirements for not-for-profit (“NFP”) entities within the scope of ASC 958. NFP’s will no longer be required to distinguish between resources with temporary and permanent restrictions on the face of their financial statements, meaning they will present two classes of net assets instead of three. They will be required to present expenses by their natural and functional classification and present investment returns net of external and direct internal investment expenses. NFP’s will also be required to provide more information about their available resources and liquidity. ASU 2016-14 is effective on January 1, 2018, with early adoption permitted. The Organization is currently evaluating the impact the adoption of this guidance will have on the Organization’s financial statements.

Note 3. Contributions Receivable

At December 31, 2016 and 2015, a discount rate of 3% was used to discount the anticipated cash flows on long-term promises to give. Management considers all amounts to be fully collectible and accordingly, no allowance for doubtful accounts has been recorded. At December 31, amounts due from promises to give were as follows:

<table>
<thead>
<tr>
<th></th>
<th>2016</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Contributions due in less than one year</td>
<td>$307,676</td>
<td>$350,000</td>
</tr>
<tr>
<td>Contributions due in one to four years</td>
<td>$1,950,000</td>
<td>$2,000,000</td>
</tr>
<tr>
<td>Less discount to net present value</td>
<td>$2,257,676</td>
<td>$2,350,000</td>
</tr>
<tr>
<td>Contributions receivable, net</td>
<td>$(101,628)</td>
<td>$(141,451)</td>
</tr>
<tr>
<td>Contributions receivable, net</td>
<td>$2,156,048</td>
<td>$2,208,549</td>
</tr>
</tbody>
</table>
NOTES TO FINANCIAL STATEMENTS

Note 4. Property and Equipment

Property and equipment consist of the following at December 31:

<table>
<thead>
<tr>
<th></th>
<th>2016</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Office equipment</td>
<td>$60,752</td>
<td>$-</td>
</tr>
<tr>
<td>Office furniture and fixtures</td>
<td>$30,002</td>
<td>$-</td>
</tr>
<tr>
<td></td>
<td>90,754</td>
<td>$-</td>
</tr>
<tr>
<td>Accumulated depreciation</td>
<td>(14,415)</td>
<td>$-</td>
</tr>
<tr>
<td>Property and equipment, net</td>
<td>$76,339</td>
<td>$-</td>
</tr>
</tbody>
</table>

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:

<table>
<thead>
<tr>
<th></th>
<th>2016</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Time-restricted:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Operations</td>
<td>$1,559,938</td>
<td>$1,908,549</td>
</tr>
<tr>
<td>Purpose and time-restricted:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Institutional strengthening/operations</td>
<td>$588,434</td>
<td>$-</td>
</tr>
<tr>
<td>Salaries</td>
<td>$-</td>
<td>$138,583</td>
</tr>
<tr>
<td>Temporarily restricted net assets</td>
<td>$2,148,372</td>
<td>$2,047,132</td>
</tr>
</tbody>
</table>

Note 7. Lease Commitments

Beginning in January 2016, the Organization leases office space under a five-year non-cancelable operating lease from an affiliate of a board member. The lease requires the Organization to pay the insurance, taxes and other expenses in addition to the minimum monthly rental. Rent expense under the lease totaled $55,452 for the year ended December 31, 2016. Subsequent to December 31, 2016, the Organization amended the operating lease agreement effective May 1, 2017 through April 30, 2020. A board member has pledged to pay 82% of the minimum rental amounts for the term of the lease. The pledge is included in contributions in the period the related rent expense is incurred.
Note 7. Continued

Minimum future rental payments, including the amended lease agreement terms as of December 31, 2016 were as follows:

<table>
<thead>
<tr>
<th>Year</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>2017</td>
<td>$69,177</td>
</tr>
<tr>
<td>2018</td>
<td>78,282</td>
</tr>
<tr>
<td>2019</td>
<td>80,457</td>
</tr>
<tr>
<td>2020</td>
<td>80,457</td>
</tr>
<tr>
<td>2021</td>
<td>80,457</td>
</tr>
<tr>
<td>2022</td>
<td>26,818</td>
</tr>
<tr>
<td>Total</td>
<td>$415,648</td>
</tr>
</tbody>
</table>

Note 8. Related Party Transactions

During the years ended December 31, 2016 and 2015, the Organization received contributions from board members of $765,454 and $200,000, respectively and at December 31, 2016 and 2015 had outstanding receivables from board members of $1,306,176 and $1,800,000, respectively.

Note 9. Subsequent Events

The Organization has evaluated subsequent events through September 29, 2017 (the date the financial statements were available to be issued) and no events have occurred from the statement of financial position date through that date that would impact the financial statements.

On July 7, 2017 the Ford Foundation awarded an additional grant of $995,000 to the Organization for a three-year period beginning January 1, 2018. The grant funds will be used for core support and institutional strengthening with $345,000 paid January 2018, $290,000 paid January 2019 and $360,000 paid January 2020.