

**MISSISSIPPI NEWS AND
INFORMATION CORPORATION
D/B/A MISSISSIPPI TODAY**

**FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2018
(WITH COMPARATIVE TOTALS FOR 2017)**

MISSISSIPPI NEWS AND INFORMATION CORPORATION
D/B/A MISSISSIPPI TODAY

TABLE OF CONTENTS

	<u>Pages</u>
INDEPENDENT AUDITORS' REPORT	1
FINANCIAL STATEMENTS	
Statement of Financial Position	3
Statement of Activities	4
Statement of Functional Expenses	5
Statement of Cash Flows	6
Notes to Financial Statements	7

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Mississippi News and Information Corporation
d/b/a Mississippi Today
Ridgeland, Mississippi

We have audited the accompanying financial statements of Mississippi News and Information Corporation d/b/a Mississippi Today (the "Organization"), which comprise the statement of financial position as of December 31, 2018, the related statements of activities, functional expenses, 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.

Auditors' 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 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 Organization'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 Organization's internal control..

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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 Mississippi News and Information Corporation d/b/a Mississippi Today as of December 31, 2018, 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

The financial statement of Mississippi News and Information Corporation d/b/a Mississippi Today as of December 31, 2017, were audited by other auditors whose report dated June 28, 2018, expressed an unmodified opinion on those statements. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2017, is consistent, in all material respects, with the audited financial statements from which it has been derived.

July 25, 2019

Mathews, Carter & Lindsay, P.A.

MISSISSIPPI NEWS AND INFORMATION CORPORATION
D/B/A MISSISSIPPI TODAY

STATEMENT OF FINANCIAL POSITION
AT DECEMBER 31, 2018
(WITH COMPARATIVE TOTALS FOR 2017)

ASSETS	2018	2017
CURRENT ASSETS		
Cash and cash equivalents	\$ 467,155	\$ 471,823
Accounts receivable	1,293	3,019
Contributions receivable - current	1,018,904	704,500
Prepaid expenses	9,275	12,624
	1,496,627	1,191,966
LONG-TERM CONTRIBUTIONS RECEIVABLE, net	540,874	450,778
PROPERTY AND EQUIPMENT, net	48,623	75,216
OTHER ASSETS	3,564	3,585
	\$ 2,089,688	\$ 1,721,545
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable and accrued expenses	\$ 29,941	\$ 30,100
Deferred revenue	-	833
Deferred rent	4,608	3,816
	34,549	34,749
NET ASSETS		
Without donor restrictions	436,765	531,518
With donor restrictions	1,618,374	1,155,278
	2,055,139	1,686,796
	\$ 2,089,688	\$ 1,721,545

MISSISSIPPI NEWS AND INFORMATION CORPORATION
D/B/A MISSISSIPPI TODAY

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2018
(WITH COMPARATIVE TOTALS FOR 2017)

	2018			2017
	Activities without donor restrictions	Activities with donor restrictions	Total	Total
REVENUE AND OTHER SUPPORT				
Contributions				
Major gifts	\$ 115,255	\$ 337,528	\$ 452,783	\$ 249,180
Grant income	218,298	1,362,568	1,580,866	178,022
Corporate sponsorships	-	-	-	15,000
Event sponsorships	19,307	-	19,307	14,500
Annual fund	50,732	-	50,732	71,460
In-kind	3,376	-	3,376	-
Advertising	11,983	-	11,983	14,192
Other income	1,645	-	1,645	19
Net assets released from restrictions	<u>1,237,000</u>	<u>(1,237,000)</u>	<u>-</u>	<u>-</u>
	<u>1,657,596</u>	<u>463,096</u>	<u>2,120,692</u>	<u>542,373</u>
Expenses				
Editorial	1,435,174	-	1,435,174	1,337,141
General and administration	165,457	-	165,457	87,224
Fundraising	151,718	-	151,718	144,612
	<u>1,752,349</u>	<u>-</u>	<u>1,752,349</u>	<u>1,568,977</u>
CHANGE IN NET ASSETS	(94,753)	463,096	368,343	(1,026,604)
NET ASSETS AT BEGINNING OF YEAR	<u>531,518</u>	<u>1,155,278</u>	<u>1,686,796</u>	<u>2,713,400</u>
NET ASSETS AT END OF YEAR	<u>\$ 436,765</u>	<u>\$1,618,374</u>	<u>\$2,055,139</u>	<u>\$ 1,686,796</u>

**MISSISSIPPI NEWS AND INFORMATION CORPORATION
D/B/A MISSISSIPPI TODAY**

**SCHEDULE OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2018
(WITH COMPARATIVE TOTALS FOR 2017)**

	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>	<u>2017 Total</u>
Salaries	\$ 848,113	\$ 95,862	\$ 58,673	\$1,002,648	\$ 844,464
Retirement	23,489	903	623	25,015	23,354
Employee benefits	103,596	10,492	5,671	119,759	111,806
Payroll taxes	64,704	7,168	4,404	76,276	66,431
	<u>1,039,902</u>	<u>114,425</u>	<u>69,371</u>	<u>1,223,698</u>	<u>1,046,055</u>
Accounting	-	12,568	-	12,568	12,500
Advertising and promotion	19,389	-	498	19,887	30,124
Conferences, conventions & meetings	22,169	-	-	22,169	18,665
Contract services	83,449	12,042	67,875	163,366	202,015
Depreciation and amortization	26,441	1,139	168	27,748	24,225
Dues and subscriptions	13,078	375	-	13,453	12,464
Events	29,133	-	9,712	38,845	17,180
Income tax expense	-	567	-	567	-
Insurance	13,149	1,494	299	14,942	16,721
Legal	2,015	11,525	-	13,540	3,430
Occupancy	78,347	8,520	1,704	88,571	73,665
Office expense	8,000	807	1,496	10,303	11,095
Office supplies	8,172	1,116	-	9,288	3,312
Telephone	12,808	879	595	14,282	13,167
Travel	64,761	-	-	64,761	69,647
Utilities	14,361	-	-	14,361	14,712
	<u>\$1,435,174</u>	<u>\$ 165,457</u>	<u>\$ 151,718</u>	<u>\$1,752,349</u>	<u>\$1,568,977</u>
	<u>82%</u>	<u>9%</u>	<u>9%</u>	<u>100%</u>	

MISSISSIPPI NEWS AND INFORMATION CORPORATION
D/B/A MISSISSIPPI TODAY

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2018
(WITH COMPARATIVE TOTALS FOR 2017)

	<u>2018</u>	<u>2017</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 368,343	\$(1,026,604)
Adjustments to reconcile change in net assets to net cash used in operating activities		
Discount on contributions receivable	(30,096)	(52,406)
Depreciation expense	27,748	24,225
(Increase) decrease in		
Accounts receivable	1,726	(1,819)
Contributions receivable	(374,404)	1,053,176
Prepaid expenses	3,349	(5,406)
Other assets	21	(2,456)
Increase (decrease) in		
Accounts payable and accrued expense	(159)	(11,782)
Deferred revenue	(833)	(2,417)
Deferred rent	792	2,529
NET CASH USED IN OPERATING ACTIVITIES	<u>(3,513)</u>	<u>(22,960)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of property and equipment	<u>(1,155)</u>	<u>(23,102)</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	(4,668)	(46,062)
CASH AT BEGINNING OF YEAR	<u>471,823</u>	<u>517,885</u>
CASH AT END OF YEAR	<u>\$ 467,155</u>	<u>\$ 471,823</u>

MISSISSIPPI NEWS AND INFORMATION CORPORATION
D/B/A MISSISSIPPI TODAY

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2018
(WITH COMPARATIVE TOTALS FOR 2017)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activity

Mississippi News and Information Corporation d/b/a Mississippi Today (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.

Method of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with U.S. generally accepted accounting principles. Revenues are recognized in the period in which they are earned and become measurable. This method allows matching of revenues earned during a period with the expenditures incurred.

Adoption of Accounting Pronouncement

In August 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*. ASU 2016-14 requires significant changes to the financial reporting model. The changes include reducing the classes of net assets from three classes to two – net assets with donor restrictions and net assets without donor restrictions. The ASU will also require changes in the way certain information is aggregated and reported by the Organization, including required disclosures about liquidity and availability of resources and increased disclosures on functional expenses. The new standard is effective for the Organization's year ending December 31, 2018 and thereafter and must be applied on a retrospective basis. The Organization adopted the ASU effective January 1, 2018. Adoption of the ASU did not result in any reclassifications or restatements to net assets or changes in net assets.

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. In the opinion of management, such differences would not be significant.

MISSISSIPPI NEWS AND INFORMATION CORPORATION
D/B/A MISSISSIPPI TODAY

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2018
(WITH COMPARATIVE TOTALS FOR 2017)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Financial Statement 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"). Accordingly, net assets of the Organization and changes therein are classified and reported as follows:

Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the organization. These net assets may be used at the discretion of the Organization's management and the board of directors.

Net assets with donor restrictions: Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization or by the passage of time. Other donor restrictions are perpetual in nature, where by the donor has stipulated the funds be maintained in perpetuity.

Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statements of activities.

Cash and Cash Equivalents

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

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 balance is insured by the Federal Deposit Insurance Corporation up to \$250,000. At December 31, 2018, the Organization's uninsured cash balance totaled \$193,327. 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.

MISSISSIPPI NEWS AND INFORMATION CORPORATION
D/B/A MISSISSIPPI TODAY

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2018
(WITH COMPARATIVE TOTALS FOR 2017)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

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 revenue without donor restrictions. Future collections (contribution pledges to be received and satisfied in subsequent fiscal years) are reported as revenue with donor restrictions 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, 2018 and 2017, 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. Leasehold improvements are amortized using the straight-line method over the shorter of the life of the asset or the related lease term.

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.

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 that are restricted by the donor are reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the contribution is recognized.

MISSISSIPPI NEWS AND INFORMATION CORPORATION
D/B/A MISSISSIPPI TODAY

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2018
(WITH COMPARATIVE TOTALS FOR 2017)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Contributions and Grants - Continued

All other donor restricted contributions are reported as an increase in net assets with donor restrictions, depending on the nature of restriction. When a restriction expires (that is, when a stipulated time restriction ends or purposed restriction is accomplished) net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

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.

Functional Expenses

The cost of providing the Organization's programs and other services have been summarized on a functional basis in the statements of activities. The schedule of functional expense presents the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited based on management's estimates.

Income Taxes

The Organization is a tax-exempt organization as described in Section 501(c)(3) of the Internal Revenue Code and is generally exempt from Federal and State income taxes pursuant to Section 501(a) of the Code. The Organization is not classified as a private foundation for income tax purposes. However, certain advertising activities subject the Organization to unrelated business income tax under Section 512 of the Internal Revenue Code. Taxes for unrelated business income was \$567 and \$112 for the years ended December 31, 2018 and 2017, respectively.

Management believes it has no uncertain tax positions, and accordingly, it will not recognize any liability for unrecognized tax benefits. Federal Form 990, Return of Organizations Exempt from Income Tax, is subject to examination by the Internal Revenue Service, generally for three years after it is filed.

MISSISSIPPI NEWS AND INFORMATION CORPORATION
D/B/A MISSISSIPPI TODAY

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2018
(WITH COMPARATIVE TOTALS FOR 2017)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Recently Issued Accounting Pronouncements

In May 2014, the FASB issued Accounting Standards Update ("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, results of operations and cash flows.

Reclassifications

Certain reclassifications have been made to the 2017 financial statements to conform to the 2018 presentation.

2. CONTRIBUTIONS RECEIVABLE

At December 31, 2018 and 2017, 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:

	<u>2018</u>	<u>2017</u>
Contributions due in less than one year	\$ 1,018,904	\$ 704,500
Contributions due in one to three years	<u>560,000</u>	<u>500,000</u>
	1,578,904	1,204,500
Less discount to net present value	<u>(19,126)</u>	<u>(49,222)</u>
Contributions receivable, net	<u>\$ 1,559,778</u>	<u>\$ 1,155,278</u>

**MISSISSIPPI NEWS AND INFORMATION CORPORATION
D/B/A MISSISSIPPI TODAY**

**NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2018
(WITH COMPARATIVE TOTALS FOR 2017)**

2. CONTRIBUTIONS RECEIVABLE - Continued

Contributions receivable are presented in the statement of financial position as follows:

	2018	2017
Contributions receivable, current, net	\$ 1,018,904	\$ 704,500
Contributions receivable, long-term	540,874	450,778
	\$ 1,559,778	\$ 1,155,278

3. PROPERTY AND EQUIPMENT

Property and equipment at December 31, was as follows:

	2018	2017
Office equipment	\$ 67,313	\$ 66,158
Office furniture and fixtures	42,157	42,157
Leasehold improvements	5,540	5,540
	115,010	113,855
Less accumulated depreciation and amortization	(66,387)	(38,639)
Property and equipment, net	\$ 48,623	\$ 75,216

Depreciation and amortization expense amounted to \$27,748 and \$24,225 for the years then ended December 31, 2018 and 2017, respectively.

MISSISSIPPI NEWS AND INFORMATION CORPORATION
D/B/A MISSISSIPPI TODAY

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2018
(WITH COMPARATIVE TOTALS FOR 2017)

4. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions were available at December 31, for the following purposes:

	2018	2017
Time restriction	\$ 1,618,374	\$ 1,155,278

5. LEASE COMMITMENTS

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 \$83,787 and \$73,665, respectively for the years ended December 31, 2018 and 2017. 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.

Future minimum lease payments are as follows:

For the year ending <u>December 31,</u>		
2019	\$	80,457
2020		80,457
2021		80,457
2022		26,819
		\$ 268,188

6. RETIREMENT PLAN

The Organization offers full time employees the opportunity to participate in a 401(k) plan. Employees can participate in the plan to the extent allowable under Internal Revenue Service rules. The Organization's contribution to the plan is limited to 3% of the eligible employees' gross compensation. Retirement plan expense for years ended December 31, 2018 and 2017 was \$25,015 and \$23,354, respectively.

MISSISSIPPI NEWS AND INFORMATION CORPORATION
D/B/A MISSISSIPPI TODAY

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2018
(WITH COMPARATIVE TOTALS FOR 2017)

7. LIQUIDITY

The following reflects the Organization's financial assets as of December 31, 2018 reduced by amounts not available for general use within one year because of contractual or donor-imposed restrictions.

Cash and cash equivalents	\$ 467,155
Accounts receivable	1,293
Contribution receivable	1,559,778
Prepaid expenses and other	<u>12,839</u>
Financial assets available	2,041,065
Less those unavailable for general expenditures within one year due to:	
Long-term contributions receivable, net	(540,874)
Subject to expenditure for specified purpose	<u>(571,495)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 928,696</u>

The Organization's average monthly costs were approximately \$144,000, for the year ended December 31, 2018, which excludes depreciation and in-kind expenses. The Organization has approximately 6 months of financial assets available to meet these costs for the year ended December 31, 2018.

8. RELATED PARTY TRANSACTIONS

During the year ended December 31, 2018 and 2017, the Organization received contributions from board members in the amount of \$547,440 and \$585,728, respectively. At December 31, 2018 and 2017, the outstanding receivables from board members were \$716,404 and \$900,000, respectively.

9. SUBSEQUENT EVENTS

In accordance with FASB Accounting Standards Codification Topic 855, Subsequent Events, the Organization has evaluated subsequent events through July 25, 2019, which is the date the financial statements were available to be issued. All subsequent events requiring recognition as of July 25, 2019 have been incorporated into these financial statements.