

Meedan, Inc.

Financial Statements &
Independent Auditor's Report
for the Year Ended
December 31, 2022

**COOK &
COMPANY**

A PROFESSIONAL ACCOUNTANCY CORPORATION

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A PROFESSIONAL ACCOUNTANCY CORPORATION

Independent Auditor's Report

To the Board of Directors
Meedan, Inc.
San Francisco, California

Opinion

We have audited the financial statements of Meedan, Inc. ("Meedan" or "the Organization"), which comprise the statement of financial position as of December 31, 2022, and the related statements of activities and changes in net assets, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Meedan as of December 31, 2022, the changes in its net assets, its functional expenses, and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Organization and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Key Audit Matters

Key audit matters are those matters that were communicated with those charged with governance and, in our professional judgment, were of most significance in our audit of the financial statements of the year ended December 31, 2022. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Recognition and Classification of Revenue and Support in the Financial Statements

We consider the recognition and classification of revenue and support, which is discussed in Note 2 of the accompanying financial statements, to be a key audit matter. This includes recording contributions and revenue from contracts with customers in the financial statements during the correct year. It also includes categorizing revenue and support to the appropriate category based on its reciprocal or nonreciprocal nature as well as the absence or existence of donor restrictions and/or conditions. In addition, this includes reliably determining when performance obligations to customers are satisfied, when donor conditions are met, and when restricted amounts should be released from restriction.

This matter is considered a key audit matter because the recognition and classification of support and revenue has a pervasive effect on the Organization's financial statements, including its changes in net assets, total current assets, and composition amongst *net assets without donor restrictions* and *net assets with donor restrictions*. This area of accounting also requires the Organization to exercise significant judgment in its application of accounting standards, which have undergone changes in the past few years.

This matter was addressed in the current audit through the examination of documentary evidence that supports the recognition and classification of contributed support and contracts with customers. These procedures were instrumental in forming our opinion on the financial statements as a whole.

Allocation of Expenses to Functional Groupings in the Financial Statements

We consider the allocation of natural expense categories amongst functional groupings (i.e., *program services*, *management & general*, and *fundraising*) to be a key audit matter. This is discussed in Note 2 of the financial statements.

This matter is considered a key audit matter because certain charity rating services and some institutional funding sources have been known to evaluate nonprofit organizations according to the overall proportion of expenses allocated to program services. Furthermore, these allocations require the Organization's personnel to exercise significant judgment.

This matter was addressed during the current audit through analysis of the design and execution of the Organization's cost allocation methodology. We assessed the methodology's consistency with GAAP, reviewed a selection of employee activity-based timesheets, and verified through reperformance certain allocation calculations as part of forming our opinion on the financial statements as a whole.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for a reasonable period of time.

We are required to communicate, and have communicated, with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Meedan, Inc.
Independent Auditor's Report
June 15, 2023
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Report on Summarized Comparative Information

We have previously audited Meedan's 2021 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated March 30, 2022. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2021, is consistent, in all material respects, with the audited financial statements from which it has been derived.



A Professional Accountancy Corporation
San Francisco, California
June 15, 2023

Meedan, Inc.

Statement of Financial Position December 31, 2022 with Comparative Totals for December 31, 2021

	12/31/2022	12/31/2021 (Note 2)
ASSETS		
Current Assets		
Cash & cash equivalents	\$ 1,921,955	\$1,856,875
Contributions receivable, current (Note 3)	1,295,752	497,074
Accounts receivable	308,175	488,998
Prepaid expenses and other assets	178,636	94,570
Total current assets	3,704,518	2,937,517
Contributions receivable, non-current (Note 3)	23,735	212,504
Property & equipment, net (Note 4)	13,092	12,311
 TOTAL ASSETS	 \$ 3,741,345	 \$3,162,332
LIABILITIES & NET ASSETS		
Current Liabilities		
Accounts payable	\$ 272,211	\$ 192,240
Accrued payroll	20	102,074
Accrued vacation	6,670	22,364
Deferred revenue	207,163	-
TOTAL LIABILITIES	486,064	316,678
Net Assets		
Without donor restrictions	1,685,902	1,803,978
With donor restrictions (Note 5)	1,569,379	1,041,676
TOTAL NET ASSETS	3,255,281	2,845,654
 TOTAL LIABILITIES & NET ASSETS	 \$ 3,741,345	 \$3,162,332

See accompanying notes to financial statements
and independent auditor's report.

Meedan, Inc.

Statement of Activities and Changes in Net Assets for the Year Ended December 31, 2022 with Comparative Totals for the Year Ended December 31, 2021

	Without Donor Restrictions	With Donor Restrictions	2022 Total	2021 Total (Note 2)
Support & Revenue:				
Contributions / grants	\$ 770	\$ 2,858,899	\$ 2,859,669	\$ 2,861,155
In-kind support	31,965	-	31,965	14,330
Net assets released from restriction:				
Satisfaction of donor restrictions	2,331,196	(2,331,196)	-	-
Program fees	2,879,687	-	2,879,687	2,400,560
Forgiveness of government loan	-	-	-	113,608
Other	6,212	-	6,212	3,970
Total support & revenue	5,249,830	527,703	5,777,533	5,393,623
Expenses:				
Program services	4,567,055	-	4,567,055	3,146,753
Management & general	727,554	-	727,554	400,141
Fundraising	73,297	-	73,297	30,254
Total expenses	5,367,906	-	5,367,906	3,577,148
CHANGE IN NET ASSETS	(118,076)	527,703	409,627	1,816,475
NET ASSETS, January 1	1,803,978	1,041,676	2,845,654	1,029,179
NET ASSETS, December 31	<u>\$ 1,685,902</u>	<u>\$ 1,569,379</u>	<u>\$ 3,255,281</u>	<u>\$ 2,845,654</u>

See accompanying notes to financial statements
and independent auditor's report.

Meedan, Inc.

Statement of Functional Expenses for the Year Ended December 31, 2022 with Comparative Totals for the Year Ended December 31, 2021

	Program Services	Management & General	Fundraising	2022 Total	2021 Total (Note 2)
Salaries	\$ 1,212,926	\$ 362,103	\$ 20,226	\$ 1,595,255	\$ 1,070,351
Payroll taxes	89,193	27,220	1,410	117,823	76,549
Employee benefits	151,384	42,891	3,539	197,814	157,567
Contractors (Note 1)	2,361,889	34,465	46,948	2,443,302	1,392,233
Consultants (Note 1)	361,563	-	-	361,563	457,717
Accounting & auditing (Note 1)	-	172,335	-	172,335	162,264
Legal fees	-	23,001	-	23,001	6,539
Office expenses	6,112	2,587	61	8,760	6,974
Information technology	260,909	11,437	280	272,626	140,693
Occupancy	16,130	4,214	161	20,505	11,445
Supplies	23,289	8,704	7	32,000	25,501
Conferences, meetings & meals	3,047	1,985	2	5,034	1,118
Insurance	10,033	7,097	184	17,314	13,047
Travel	58,739	16,965	40	75,744	3,883
Microgrants	-	-	-	-	36,920
Depreciation	6,555	-	423	6,978	3,709
Miscellaneous	5,286	12,550	16	17,852	10,638
Total	\$ 4,567,055	\$ 727,554	\$ 73,297	\$5,367,906	\$3,577,148

See accompanying notes to financial statements
and independent auditor's report.

Meedan, Inc.

Statement of Cash Flows for the Year Ended December 31, 2022 with Comparative Totals for the Year Ended December 31, 2021

	2022	2021 (Note 2)
Cash flows from operating activities:		
Cash received from grantors/contributors	\$ 2,249,760	\$ 2,373,134
Cash received from payments of program fees	3,267,673	2,022,887
Cash received from other sources	6,212	3,970
Cash generated from operating activities	5,523,645	4,399,991
Cash paid to, or for the benefit of, employees	(1,996,675)	(1,258,401)
Cash paid to contractors and suppliers	(3,453,517)	(2,382,094)
Cash disbursed for operating activities	(5,450,192)	(3,640,495)
Net cash flows generated from operating activities	73,453	759,496
Cash flows from investing activities:		
Purchases of fixed assets	(8,373)	(9,262)
Net cash flows from investing activities	(8,373)	(9,262)
 NET INCREASE IN CASH	65,080	750,234
CASH & CASH EQUIVALENTS, beginning of year	1,856,875	1,106,641
CASH & CASH EQUIVALENTS, end of year	\$ 1,921,955	\$ 1,856,875

Supplemental information:

Reconciliation of change in net assets to cash flows generated from operating activities:

Change in net assets	\$ 409,627	\$ 1,816,475
Adjustments to reconcile change in net assets to net cash from (used for) operating activities		
Forgiveness of government loan	-	(113,608)
Depreciation expense	6,978	3,709
Other non-cash item	614	446
Changes in assets and liabilities:		
Contributions receivable	(609,909)	(488,021)
Accounts receivable	180,823	(377,673)
Prepaid expenses and other assets	(84,066)	(52,489)
Accounts payable	79,971	(61,079)
Accrued payroll liabilities	(102,054)	38,186
Accrued vacation	(15,694)	(6,450)
Deferred revenue	207,163	-
Net cash flows generated from operating activities	\$ 73,453	\$ 759,496

See accompanying notes to financial statements
and independent auditor's report.

Meedan, Inc.

Notes to the Financial Statements for the Year Ended December 31, 2022

1. The Organization

Nature of Activities

Meedan, Inc. (Meedan or the Organization) is a California nonprofit public benefit corporation that focuses on improving the quality and equity of online information. Meedan builds software and designs human-powered initiatives for newsrooms, NGOs and academic institutions. The projects and products support open-source investigations, digital media verification, media literacy training and long-term research into indicators of information quality.

Organizational Structure

Meedan is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and is governed by a board of directors. In addition to its core staff of employees, Meedan relies on independent contractors to carry out its activities. This includes an outside firm that handles many of the Organization's accounting and administrative functions.

Funding

Major funding is received in the form of grants from foreign and domestic agencies. In addition, a substantial amount of revenue is generated from program service contracts with corporate partners.

Programs

Major programs conducted during the year include:

The **Check Global** Program encompasses all areas of Meedan's work in programs, research, network, content, and technology. Built around Check, our award-winning, open source collaborative media annotation and misinformation response workflow software, and implemented through partnerships with a range of global independent media and civil society organizations. We measure the impact of our work in partnership with Birmingham City University's M&E (measurement and evaluation) Lab.

All aspects of the Check Global Program share a goal of improving digital literacy, community-building and political engagement skills for citizen journalists, activists, journalism students, civil society organizations and human rights defenders, thus strengthening their role as investigators and contributors to the public sphere.

Over the past ten years we have worked with a number of civil society groups, grassroots organizations and independent media and activist collectives who made it possible for us to widen the reach and impact of the Check Global program across four major regions of the Global South (North Africa Western Asia, Latin America, Sub-Saharan Africa and the APAC region). These organizations have all been working at the forefront of the fight for freedom, social justice and equality, and for a better and more equitable Internet in some of the most fraught contexts of the world.

We are committed to supporting our partners through a) developing the open-access tech tools they need to achieve their goals, b) using our programmatic knowledge and expertise to help them develop impactful yet achievable programs, c) building around them supportive networks which they can learn from, and with which they can grow and prosper, and d) investing in research so we all are up-to-speed with the ever changing trends which govern the relations between tech and our societies.

Check/3PFC - Partners like WhatsApp, Google, and Twitter rely on Check's collaborative, AI-supported, human-in-the-loop tools for analyzing and sharing trusted context about online content. We embrace open-source code as a strategy for scaling our impact and are building new models for encouraging global

Meedan, Inc.

Notes to the Financial Statements for the Year Ended December 31, 2022

research communities to share machine learning models developed on top of privacy respecting shared datasets.

A Meedan analysis of anonymized audience data from our collaborative reporting project, Confirma 2022, shines a light on the information voters were exposed to, and the questions audiences had, in the lead-up to the 2022 Brazilian presidential and runoff elections. Between August 16, 2022, and December 12, 2022, five newsrooms—Agência Lupa, Aos Fatos, Projeto Comprova, Estadão Verifica, and Universo Online (UOL)—partnered with Brazil’s top court, which is responsible for organizing all stages of the Brazilian electoral process. Together the partners collected 347,000 anonymous questions and requests for fact-checks from voters throughout six WhatsApp tiplines and responded to those questions with fact-checks using Meedan’s platform, Check. Through this program, we used machine learning to uncover big-picture trends about the questions people asked and claims they encountered online. The data provides a snapshot of the information landscape within WhatsApp audiences ahead of the elections.

Meedan also worked with Rappler and Google News Initiative to launch #FactsFirstPH, a first-of-its-kind initiative to fight for facts ahead of the May 2022 Presidential elections in the Philippines. More than 100 civil society organizations, newsrooms, business groups, legal groups and research groups have come together to form the #FactsFirstPH coalition. The coalition is committed to promoting truth in the public space and seeking accountability from those who spread misleading information and falsehoods.

Meedan’s **Digital Health Lab** expresses the technology, research, and ethical program design approach we have built into online health information projects. Founded in 2018 with support from the Robert Wood Johnson Foundation (RWJF), the lab’s work is researching, designing and testing a digital response framework for addressing health misinformation online, centered around accessibility and equity.

Since 2020, expressed through <https://health-desk.org> (formerly under <https://learnaboutcovid19.org>), our Digital Health Lab team has researched, tested and co-designed a collaborative fact-checking model for health content based on syndication. We showed that a rapid-response process where a team of health experts distill scientific evidence based on requests made by fact-checkers—requests that other communicators around the world may also have—we can meet the needs of audiences searching for health information online more efficiently, at larger scales, across regions, and directly where searching takes place.

This initiative involves:

- Collecting critical pandemic-related queries directly from fact-checking organizations and other community information leaders
- Triaging COVID-19 content to send to team members with specific public health expertise to provide standardized responses
- Designing content packages for responses grounded in standards of care for health communications
- Working directly with third-party fact-checkers to disseminate query answers to the public, with a special emphasis on closed messaging integration software

Meedan Research - Our peer-reviewed research grounds product and program responses to misinformation. We have discovered that tiplines can serve as an early warning system for dangerous content, alerting journalists to respond before this content trends in larger public groups. Our research on claim-matching algorithms matches new claims to existing fact-checks and explainers connecting messaging app users to trusted, relevant content including low-resource languages. With support from the

Meedan, Inc.

Notes to the Financial Statements for the Year Ended December 31, 2022

U.S. National Science Foundation, we are connecting practitioners working to protect human rights with academic and technical communities working to help develop computational tools and social science insights to respond to misinformation, hate speech, and digital harassment.

Our work includes two recent papers:

- Claim Matching Beyond English to Scale Global Fact-Checking (ACL 2021), which builds datasets and machine learning models for matching claims across messages in English, Hindi, Bengali, Tamil, and Malayalam.
- Tiplines to combat Misinformation on Encrypted Platforms: A Case Study of the 2019 Indian Election on WhatsApp, which compares the content received on a WhatsApp misinformation tipline run during the 2019 Indian general election with content scraped from large, political groups on WhatsApp during the same time period. We found that the tipline captured a meaningful proportion of the most popular content, and, most significantly, this content often appears on the tipline before appearing in the public groups.

2. Summary of Significant Accounting Policies

Basis of Accounting

The accompanying financial statements are prepared on the accrual basis of accounting, in accordance with accounting principles generally accepted in the United States of America (GAAP). Under the accrual basis of accounting, support is recognized when it is awarded, revenue is recognized when it is earned, and expenses are recognized when they are incurred.

Cash & Cash Equivalents

Cash and cash equivalents include deposits held in bank checking and money market accounts.

Accounts Receivable

Receivables from program service contracts with corporate partners consist of amounts management expects to collect on balances outstanding at year-end.

Contributions Receivable

Contributions receivable are reported at the amount management expects to receive from contributors based on formal, written promises received. Amounts due within one year are presented at face value and classified as current, while amounts due in one to two years are presented as non-current and discounted to present value using the U.S. Daily Treasury Par Yield Curve Rate in effect at the time of the pledge.

Property & Equipment

Fixed assets consist of computers and other office equipment with an initial cost of at least \$2,000 and a useful life of at least one year. Depreciation is recognized using the straight-line method over the assets' estimated useful life of three years.

Fair Value of Financial Instruments

The carrying amounts of cash, accounts receivables, and accounts payable approximate fair value because of the short maturity of these instruments.

Meedan, Inc.

Notes to the Financial Statements for the Year Ended December 31, 2022

Net Assets

Net assets, revenues, expenses, gains, and losses are classified based upon the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Organization and changes therein are classified and reported as follows:

Net assets without donor restrictions, which includes resources not subject to, or are no longer subject to, donor-imposed stipulations.

Net assets with donor restrictions, which includes resources whose use is limited by donor-imposed time and/or purpose restrictions.

Recognition of Contributions

Contributions are recognized when the Organization receives cash, securities or other assets, an unconditional promise to give, or notification of an irrevocable beneficial interest.

Contributions are reported as increases in *net assets without donor restrictions* unless use of the contributed assets is limited by donor-imposed stipulations. Expirations of donor-restrictions (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time-period has elapsed) are reported as reclassifications between the applicable classes of net assets. Conditional promises to give, that is, those with a measurable performance or other barrier, and a right of return, are not recognized until the conditions on which they depend have been substantially met.

In-kind Support

In-kind support consists of the monetary value of vacation time earned by the Organization's senior executives and contributed to the Organization.

Revenue Recognized from Contracts with Customers

Revenue recognized from contracts with customers is included under the program fees caption of the statement of activities. Such revenue includes amounts charged to various companies and institutions for consulting activities, including software services, training and support.

The Organization recognizes contracts with customers in accordance with FASB ASC 606, which provides a comprehensive framework for revenue recognition from reciprocal transactions. Under ASC 606, Meedan allocates each contract's total revenue to its various performance obligations (i.e., deliverables to be provided to the customer). Some contracts have one overall performance obligation, while others have several performance obligations. Depending on the nature of each performance obligation, revenue is recognized either at the point in time when the service obligation is complete or over the period of performance. Revenue is recognizable over a period of time when one or more of the following conditions is met: a) as the Organization performs the obligation, the customer simultaneously receives and consumes the benefits, b) the customer controls the asset (deliverable) as the Organization creates or enhances it, or c) the Organization has no alternative use for the asset (deliverable) being created (for example, it is not salable to another customer), and the Organization has an enforceable right to receive payment for its performance completed to date.

Contracts have various payment terms. Accounts receivable are recorded and presented on the balance sheet when collection from the customer is only conditioned upon the passage of time. Deferred revenue consists of amounts received from customers before the associated contract performance obligations have been satisfied. These amounts will be recognized as revenue when the performance obligations have been satisfied.

Meedan, Inc.

Notes to the Financial Statements for the Year Ended December 31, 2022

In addition, approximately \$4.4 million is scheduled to be recognized as revenue, invoiced and collected during 2023 and 2024 based on contracts with customers signed as of December 31, 2022. These revenues will be recognized when the underlying performance obligations are satisfied, which is scheduled to occur by September 2024. Unmet performance obligations relate to various consulting services relating to fact-checking, and academic and community collaboration tools to combat hate, abuse, and misinformation with minority-led partnerships.

Functional Expenses

The Organization presents its expenses by natural category (e.g., salaries, office expenses, etc.) and by function. The three major functions included in the accompanying financial statements are *program services*, *management & general* and *fundraising*.

Program services include the direct conduct and direct supervision of specific program activities.

Fundraising includes efforts to solicit monetary and nonmonetary contributions. (Because the Organization maintains long-term relationships with a small group of major contributors, very little is spent on fundraising activities.)

Management & general includes general oversight, solicitation and administration of contracts with customers, recordkeeping, regulatory compliance, governance, financial management, and all other activities that do not constitute the direct conduct or direct supervision of specific program services or fundraising activities.

The Organization has developed a cost allocation methodology to charge its expenses to the appropriate functions described above. On a monthly basis, the cost of each staff member's compensation is allocated to functions according to activities reported on timesheets. Shared costs, primarily consisting of occupancy and office expenses, are accumulated in a shared cost pool and allocated to functions according to the Organization's aggregated time and effort expended on each function.

Other expenses are charged directly to the appropriate function based on specific identification.

All advertising costs are expensed as incurred.

Income Taxes

As a public charity, the Organization is exempt from income taxes except on activities unrelated to its mission. As management believes that all of the Organization's activities are directly related to its mission, no provision has been made for income tax expense. The Organization's federal *Return of Organization Exempt from Income Tax* (Form 990) filings for the tax years ending in 2020 through 2022 are subject to examination by the Internal Revenue Service, generally for three years after they were filed. The Organization's California *Exempt Organization Annual Information Return* (Form 199) filings for the tax years ending in 2019 through 2022 are subject to examination by the California Franchise Tax Board, generally for four years after they were filed.

Use of Estimates

The preparation of financial statements in conformity with 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.

New Accounting Pronouncement

In February 2016, the Financial Accounting Standards Board issued Accounting Standards Update No. 2016-02—*Leases* (Topic 842) (ASU 2016-02). The standard was originally set to be effective for

Meedan, Inc.

Notes to the Financial Statements for the Year Ended December 31, 2022

nonpublic entities (including nonprofit organizations) for years ending December 31, 2019, and later, with early adoption permitted. The effective date for nonpublic entities was subsequently postponed to years ending December 31, 2022, and later, with early adoption permitted. ASU 2016-02 requires that organizations present operating leases and finance leases as assets and liabilities on the statement of financial position. Previously, organizations were required to present capital leases, but not operating leases, on their statement of financial position. The standard also requires certain quantitative and qualitative disclosures regarding an organization's leases.

The Organization has elected the practical expedient available under ASU 2016-02 to exclude from its statement of financial position leases with a term of 12 months or less. Because Meedan only held month-to-month leases during 2021 and 2022, the enactment of this pronouncement had no effect on the Organization's financial statements.

Prior Year Comparative Data

The financial statement information for the year ended December 31, 2021, presented for comparative purposes, is not intended to be a complete financial statement presentation. For a complete presentation of 2021, please refer to the financial statements for that year.

3. Contributions Receivable

Current

Amounts due within one year	\$1,295,752
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Non-current

Amounts due in one to three years	25,875
Less: unamortized discount (discounted at 4.41 %)	<u>(2,140)</u>
Subtotal – non-current	23,735
Contributions receivable, net	\$1,319,487

4. Property & Equipment

Computers and equipment	\$26,264
Less: accumulated depreciation	<u>(13,172)</u>
Net book value	\$13,092

5. Net Assets with Donor Restrictions

The balance of *net assets with donor restrictions* represents unspent grants and contributions that donors have earmarked for the following:

Check Global program (see description in Note 1)	\$1,277,195
Digital Health Lab (see description in Note 1)	190,668
Check/3PFC program (see description in Note 1)	72,339
Administrative support	<u>29,177</u>
Total	\$1,569,379

Meedan, Inc.

Notes to the Financial Statements for the Year Ended December 31, 2022

6. Related Party Transactions

The Organization's CEO also serves as the CEO for a for-profit entity with which Meedan has an agreement to share labor and/or facilities. For the year-ended December 31, 2022, Meedan invoiced the entity approximately \$195,000 for staffing services provided under the agreement.

In addition, an entity founded by a board member was compensated approximately \$309,000 for consulting services rendered. A law firm established and co-owned by a second board member was paid approximately \$10,000 in legal fees during the year.

7. Occupancy

Meedan rents office space in various cities in North and South America on a month-to-month basis. The total rent expense in 2022 was approximately \$20,506.

8. Contingencies, Risks and Uncertainties

Concentration of Cash Deposits

As of December 31, 2022, Meedan's bank deposits exceeded FDIC insurance limits by approximately \$1.458 million. (In March 2023, Meedan moved approximately \$980,000 to an FDIC-insured bank sweep account to mitigate its concentration of risk, with the intent to move additional cash later as needed.)

Concentration of Revenue and Support

During 2022, approximately 83% of the Organization's total revenue and support was derived from three funding sources. Should funding from these sources decrease, Meedan could experience a contraction in its services

Satisfaction of Donor Requirements

Meedan receives contributions that are restricted for a specific program or purpose. If such restrictions are not met in accordance with the funding source agreement, there is the possibility that funds would have to be returned to the donor. It is management's opinion that all donor requirements have been met for contributions that have been released from *net assets with donor restrictions* or recorded directly to *net assets without donor restrictions*.

9. Liquidity & Availability of Financial Assets

Meedan consistently reviews cash flow through analysis of projected incoming cash and overlaying that with projected outgoing cash. Meedan also receives monthly compilation reports that have budget to actual expenses shown annually and monthly. The majority of receivables are based on contracts or grants from our corporate partners, foundations and governments. Contracts generally have payment schedules outlined in the contract. Grants often get paid as lump sums at or near time of commitment or by expense reimbursement to actual expenses.

Meedan, Inc.

Notes to the Financial Statements for the Year Ended December 31, 2022

Financial assets available to meet cash needs for general expenditures within one year are as follows:

Cash & equivalents	\$1,921,955
Contributions receivable	1,295,752
Accounts receivable	<u>308,175</u>
Total	\$3,525,882

The total amount presented as *financial assets available to meet cash needs for general expenditures within one year* is not reduced by *net assets with donor restrictions* because such restricted amounts are available for the Organization's major and ongoing activities.

10. Subsequent Events

In preparing these financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through June 15, 2023, the date the financial statements were available to be issued.