

MEEDAN, INC.

SCHEDULE OF EXPENSES ACTUAL AND BUDGET FOR CHECKDESK PROJECT

For the period from October 1, 2014 through December 31, 2015



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MEEDAN, INC.

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Meedan, Inc.

We have audited the accompanying Schedule of Expenses Actual and Budget for the project Checkdesk: Developing Citizen Journalism in the Arab Region (Checkdesk Project) for the period from October 1, 2014 through December 31, 2015, and the related notes to the schedule.

Management's Responsibility for the Schedule

Management is responsible for the preparation and fair presentation of this schedule in accordance with the terms and conditions as stated in the Checkdesk Project Agreement; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the schedule that is free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on the schedule 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 schedule is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the schedule. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the schedule, 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 schedule 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 schedule.

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 Schedule of Expenses Actual and Budget for the Checkdesk Project referred to above presents fairly, in all material respects, the actual and budgeted expenses as described in Note 2 incurred for the Checkdesk Project of Meedan, Inc. for the period from October 1, 2014 through December 31, 2015 in accordance with the terms and conditions as stated in the Checkdesk Project Agreement.

To the Board of Directors of
Meedan, Inc.

Emphasis of Matter

We draw attention to Note 2 to the schedule, which describes that the accompanying Schedule of Expenses Actual and Budget for the Checkdesk Project was prepared for the purpose of reporting allowable actual expenses on the accrual basis of accounting in accordance with the terms and conditions of the Checkdesk Project Agreement between the SIDA and Meedan, Inc. dated October 1, 2014, and are not intended to be a complete presentation of the Checkdesk Project's revenue and expenses. Our opinion is not modified with respect to that matter.

Restriction on Use

This report is intended solely for the information and use of the board of directors and management of Meedan, Inc. and SIDA and is not intended to be and should not be used by anyone other than these specified parties.

Burr Rieger Mayer, char.

E. Palo Alto, California
June 10, 2016

MEEDAN, INC.

SCHEDULE OF EXPENSES ACTUAL AND BUDGET FOR CHECKDESK PROJECT

For the period from October 1, 2014 through December 31, 2015

	<u>Original Budget</u>	<u>Revised Budget*</u>	<u>Actual</u>	<u>Difference</u>
Human resources expense:				
Engineering, Design and User Testing/support staff	\$ 447,541	\$ 510,834	\$ 507,993	\$ 2,841
Administrative, Content and Program/support staff	209,448	263,892	216,259	47,633
Birmingham City University	86,954	86,954	92,534	(5,580)
BCU Checkdesk: Journalism School	74,702	74,702	81,584	(6,883)
Media partners	109,481	84,773	59,790	24,984
Citizen Journalist and Collective Media	68,426	47,073	26,755	20,318
Trainer budgets	23,949	25,322	5,554	19,768
Total team and partner meetings	<u>16,764</u>	<u>16,764</u>	<u>9,736</u>	<u>7,028</u>
Total human resources expense	<u>1,037,265</u>	<u>1,110,314</u>	<u>1,000,205</u>	<u>110,109</u>
Other operating expenses:				
International travel	34,468	22,664	16,914	5,750
Local transportation	1,711	1,711	-	1,711
Furniture, desks, chairs	3,421	1,591	-	1,591
Computer/AV/Phone/Printer	8,211	5,191	2,256	2,935
Office rent - Cairo	13,115	13,115	14,003	(888)
Office rent - SF	19,672	19,672	11,714	7,958
Office rent - Vancouver	9,836	9,836	7,778	2,058
Consumables- office infrastructure	770	770	1,000	(230)
Other services (mobile, telephone)	5,953	4,759	2,635	2,124
Linode hosting	31,932	25,526	11,249	14,277
Legal accounting	20,528	20,528	15,984	4,544
Conferences	3,079	1,432	-	1,432
External audit - Meedan	12,819	12,819	-	12,819
External audit - Partners	16,023	16,023	-	16,023
Translation, interpreters	11,493	6,574	-	6,574
Partner meetings venue rentals	<u>25,146</u>	<u>11,694</u>	<u>10,540</u>	<u>1,154</u>
Total other expenses	<u>218,177</u>	<u>173,905</u>	<u>94,073</u>	<u>79,832</u>
Contingency reserve for overhead	<u>62,978</u>	<u>34,201</u>	<u>54,714</u>	<u>(20,513)</u>
Total expenses	<u>\$ 1,318,420</u>	<u>\$ 1,318,420</u>	<u>\$ 1,148,992</u>	<u>\$ 169,428</u>

* As agreed to between Meedan and SIDA on February 5th, 2016.

The accompanying notes are an integral
part of this schedule.

MEEDAN, INC.

NOTES TO SCHEDULE OF EXPENSES ACTUAL AND BUDGET FOR CHECKDESK PROJECT

For the period from October 1, 2014 through December 31, 2015

1. Nature of Organization

Meedan, Inc. (“Meedan” or “the Organization”) is a nonprofit social technology company. Meedan’s mission is to forward cross-cultural understanding and collaboration by providing people, partners and communities with advanced technologies to exchange ideas, information and knowledge across languages, focusing primarily on English and Arabic. Meedan combines translation services with digital tools to enable cross-lingual knowledge-sharing and dialogue in the key areas of interfaith, education, micro-finance, media, and poetry, as well as providing specialized translation services.

Checkdesk Project - Developing Citizen Journalism in the Arab Region.

2. Summary of Significant Accounting Policies

Basis of Accounting and Presentation

The accompanying Schedule of Expenses Actual and Budget for Checkdesk Project (the Schedule) have been prepared on the accrual basis of accounting in accordance with the terms and conditions as stated in the Checkdesk Project Agreement between the Swedish International Development Cooperation Agency (SIDA) and Meedan, Inc. The schedule only includes allowable actual expenses compared to the budget approved for the Checkdesk Project.

Incomplete Financial Statement Presentation

The Schedule of Expenses Actual and Budget for the Checkdesk Project includes allowable actual expenses but was not intended to be a complete presentation of the Checkdesk Project’s Revenues and Expenses. Accordingly, such information does not constitute a financial statement presentation in conformity with generally accepted accounting principles.

3. Interest Earned and Unspent Balances

Meedan received two grant payments totaling \$1,318,401 for the period from October 1, 2014 to December 31, 2015. The total interest earned on Meedan’s accounts during this period was \$266. There was \$169,428 of unspent grant funds as of December 31, 2015.

4. Contingency Reserve for Overhead

The Organization incurred costs that are indirect costs or overhead including insurance, occupancy, office supplies, telephone, internet and other similar costs that were allocated to the Checkdesk Project based on an allocation of Checkdesk salaries to total salaries. The total indirect costs incurred for overhead exceeded the 5% allowed. The Schedule only reflects the overhead amount allowed which is 5% of budgeted expenses for the project.

Continued

MEEDAN, INC.

NOTES TO SCHEDULE OF EXPENSES ACTUAL AND BUDGET FOR CHECKDESK PROJECT

For the period from October 1, 2014 through December 31, 2015

5. Budget Line Item Overages

The Organization incurred additional costs related to other operating expenses for the Checkdesk Project that were in excess of the position outlined in the budget. The Schedule reports those overages by budget line item. The contract with SIDA expressly stated the ability to have shifts between budget items less than 10% of the entire budget without approval from SIDA. The total expenses for operating expenses on the Schedule for the period October 1, 2014 to December 31, 2015 were \$79,832 under budget. Contingency reserve for overhead was \$20,513 over budget. Additionally, total salary related expenses within the human resources category were under budget by \$110,109 for the period October 1, 2014 to December 31, 2015. The above mentioned variances created a net under budget variance of \$169,428 for the Checkdesk Project for the period October 1, 2014 to December 31, 2015.

6. Foreign Currency

The Organization incurred a loss of \$58,464 in the foreign currency exchange rate which has not been reflected in the Schedule. The loss consisted of realized losses from exchange rate fluctuations from two payments made during the grant period totaling \$18,542 and an unrealized loss of \$39,922 related to the revaluation of the remaining grant funds to be paid in 2016 based on the exchange rate at December 31, 2015.

7. Subsequent Events

The Organization evaluated subsequent events for recognition and disclosure, as they pertain to the Schedule, through June 10, 2015, the date which this Schedule was available to be issued. The Organization has determined there were no material subsequent events that required recognition or disclosure other than the item noted below.

Subsequent to the reporting period, Meedan and SIDA agreed to make revisions to the original budget included in the Checkdesk Project Agreement. The revised budget amounts are presented along with the original budget amounts in the Schedule of Expenses Actual and Budget for Checkdesk Project for the period of October 1, 2014 through December 31, 2015.