

Educating, Persuading and Motivating Underserved Communities

2007 ANNUAL REPORT
Including Financial & Supplementary Data

Philadelphia, PA • Los Angeles, CA • Washington, DC

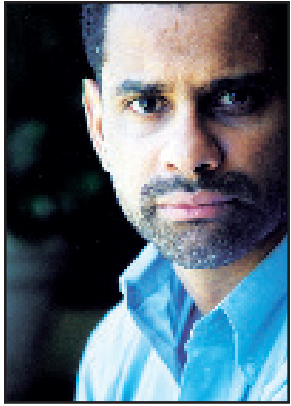
MEE[®]
MOTIVATIONAL EDUCATIONAL ENTERTAINMENT

Educating, Persuading and Motivating Underserved Communities



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Letter From The President

Back when I was finishing my degree at the Wharton School, I started thinking about how “hip-hop” youth were always left out of mainstream intervention messages dealing with social, health, educational and economic issues. Even though my classmates and professors were skeptical that social marketing targeted to low-income urban populations could be both socially beneficial and profitable, I decided to make it my life’s work.

Now, looking back from the vantage point of MEE’s 18th year in business, it’s interesting to see how that vision has played out. We have grown from a single office in West Philadelphia with a handful of employees to a multi-city organization with more than 20 full-time and part-time staff. Though it wasn’t always easy, MEE’s innovative and cutting-edge media and marketing have helped us accomplish what was once believed unachievable — a successful multi-million dollar, socially-responsible company that serves the needs of underserved and minority populations.

What has allowed us to excel is that we are a communications company that has the in-house capability to both conduct audience research and apply its findings in the creation of truly authentic, cost-effective and culturally-relevant media, materials and advertising campaigns. Our expertise in combining traditional and non-traditional communications strategies that speak to even the hardest-to-reach audiences in their own style and language is another key competitive edge. Our unprecedented access

to urban communities, along with our proprietary methodology and market research tools means that we consistently develop urban-oriented communications and messaging that deliver creatively and “move the numbers.”

In spite of the challenging economic environment for success, 2007 was a particularly busy and productive year for MEE. This year’s annual report showcases our most significant projects with brief summaries and highlights others in a table that provides quick access to the broad spectrum of our work. I invite you to review both our accomplishments over the past year and our strategic plans for the immediate future.

Our social marketing has made a positive difference in the lives of thousands of people who are often overlooked and underserved. As we look to the future, we plan to continue our leadership role in socially-responsible media and marketing messages and expand on our core values. The foundation for our next push will be leveraging information technology to improve our global marketing via the Internet, create cutting-edge e-health applications and develop new products that link underserved communities with the local resources that can improve social and health outcomes.

Peace,

Ivan J. Juzang
Founder/President

MEE in Action	2007	2008
Marketing/Social Marketing	Blueprint for a Safer Philadelphia U.S. Department of Education/Federal Student Aid Pilot Project Franklin Institute Science Museum DC Teen Pregnancy Prevention	Blueprint for a Safer Philadelphia U.S. Department of Education/Federal Student Aid Pilot Project Franklin Institute Science Museum 2008 Voter Education and Registration Project iMPPACS/National Institutes of Health RWJF Taking Action Against Obesity AACO HIV Outreach to Young Black Men (Circle of Care)
Media/Materials Development	Project iMPPACS/National Institutes of Health Action for Healthy Kids	Parent-Child Communications DVD Prototype (SBIR) DC Coalition Against Domestic Violence www.PhillyBlueprint.com Website Electronic Resource Directory American Bar Association Domestic Violence Video MEE Corporate Website
Audience Research	Big Brothers Big Sisters of Southeastern Pennsylvania	Mental Health in the Black Community (DC, Phila & Oakland) PECO Positive Energy Program Inner City Truth Survey (National)
Workshops/Technical Assistance	DC Coalition Against Domestic Violence NJASFAA Conference NCHLP Spring Convention Program	Obesity in the Hip Hop Generation (Plainfield, NJ & Chicago, IL) Blueprint for a Safer Philadelphia (Philadelphia & Harrisburg) After School Institutes (Albany, NY) Planned Parenthood (North Texas)

Blueprint for a Safer Philadelphia

Social Marketing Campaign - Year 2



www.phillyblueprint.com

MEE effectively implemented its Blueprint for a Safer Philadelphia Campaign, which has led to increased awareness of the negative impacts of youth violence and a change in attitudes citywide regarding residents' collective ability and responsibility to do something about it. Positive and engaging messages for both youth and adults were delivered, using a variety of traditional and non-traditional communications channels. These included radio, television and print advertising and promotions; grassroots, peer-to-peer outreach; a customized Website and an Electronic Resource Directory; community forums and workshops; and active partnerships with community-based organizations.

Television public service announcements and a youth-focused documentary film created for the campaign won international health communications industry awards. MEE's Blueprint focus in 2008 (Year 3) is to leverage its momentum from the campaign's first two years. We will create and air a series of new radio ads promoting collaboration among the individuals and organizations funded to fight violence in Philadelphia. Enhancements to the Blueprint Website will also be launched, including intensified promotion of the GreatVine sub-section, telling the positive story of Philadelphia youth.

DC Teen Pregnancy Prevention

Social Marketing Campaign



www.BeOnTheSafeSideCampaign.com

In 2006-7, MEE joined with Excel Education Enterprises, Inc. to relaunch its *Be On The Safe Side* teen pregnancy prevention social marketing campaign for the DC Department of Human Services, Income Maintenance Administration. The campaign had run successfully from 2001 through 2005, and was credited by City officials with lowering teen pregnancy rates and out-of-wedlock births. Year 5 of implementation continued to combine both traditional and non-traditional communication channels in a culturally-relevant, peer-led initiative.

Project iMPPACS/National Institutes of Health

Media Production & Placement



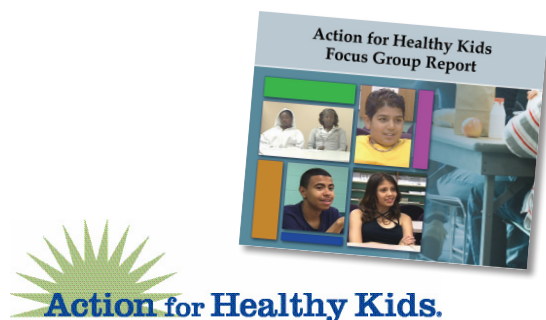
MEE is supporting a consortium of academic institutions in a unique, NIH-funded test of a multilevel HIV/STI prevention strategy for high-risk youth. This year, MEE-developed, culture-centered radio ads are being tested against other potential interventions (control/treatment groups) for effectiveness with African American adolescents, ages 12-16 in four cities: Providence, RI; Syracuse, NY; Columbia, SC; and Macon, GA. The HIV-prevention messages MEE created are culturally sensitive and age-appropriate; they promote both abstinence and risk reduction practices. Preliminary testing confirmed that the ads are popular and thought-provoking. They are expected to enhance adolescents' adoption of HIV-preventive attitudes, beliefs and behaviors on a community-wide basis.

Action for Healthy Kids

Audience Research

Materials Development

Advocacy Toolkit Development



MEE provided qualitative market research services to Action for Healthy Kids (AFHK), a non-profit organization addressing the epidemic of overweight, undernourished and sedentary youth by focusing on changes in schools. We conducted focus groups with African American and Latino adults and youth dealing with dual disparities in both health and education.

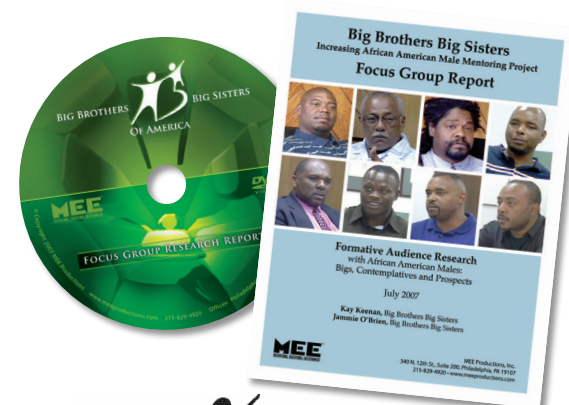
The research helped AFHK understand the barriers low-income parents face in getting schools to implement changes that can improve the health of students. It also provided insights into how community leaders, who interact with schools in various capacities, may be able to help overcome those barriers.

The ultimate goal was to empower parents to become advocates for the availability of better, more nutritious foods in their children's schools.

Big Brothers Big Sisters (BBBS)

Audience Research

Marketing Recommendations



MEE conducted an audience research project for BBBS in order to gather in-depth information that could serve as the foundation for an enhanced marketing campaign to increase the participation of African American men as mentors. MEE conducted five focus groups in St. Louis, Baltimore and Philadelphia. They included current Big Brothers, men who had considered becoming a Big Brother and those who had not. The data collected from these African American males helped BBBS understand various perspectives on being and becoming a mentor. MEE made recommendations to assist in designing messages, materials and an effective strategy to increase the participation of African American men as Big Brothers.

Media Awards



In July, MEE was recognized by the 28th Annual Telly awards, an international competition that recognizes excellence in video and film production. We won a bronze award for overall public service campaign for the Blueprint for a Safer Philadelphia, and three awards (one silver, two bronze) for 60-second television public service announcements. Two were created for the Blueprint campaign, while the third promoted HIV testing to young African Americans.

In November, MEE won a Freddie Award, also known as the "Oscar of Medicine" for its hard-hitting documentary, *Real Talk: the Blueprint for a Safer Philadelphia*, created for our violence prevention campaign. The documentary, which won a bronze award in the Adolescent Health category at the 33rd Annual Interna-

tional Health and Medical Awards, examines the causes and effects of youth violence. Based on interviews with youth and adults who live in neighborhoods significantly impacted by violence, the documentary raises awareness about the consequences of youth violence and begins changing community norms. FREDDIES recognize national excellence in communicating health-related issues to medical professionals, educators and the general public.

MEE is proud of its work on the Blueprint campaign and of the many other video productions we've done to improve life and health outcomes for overlooked and underserved communities. These awards from leading organizations in our industry validate our mission and process.

Conference Presentations

MEE continues to use workshops and public speaking opportunities (conference presentations, keynote addresses and participation on key panels) as a key marketing strategy. Speaking engagements are one of MEE's best marketing tools because they are profitable, provide exposure to potential clients and position MEE as an expert in culturally-relevant and urban communications, research and marketing. These opportunities have also enabled MEE to expand its contact database with pre-qualified leads for future marketing and sales.

- Action for Healthy Kids
- Black Alliance for Education Options/Philadelphia
- Black Male Development Symposium
- Boys to Men Symposium
- Breaking the Silence Conference - *A Summit on Behavioral Health within the African American Community*
- Centers for Disease Control and Prevention/Adolescent and School Health - *Plan, Act, Share: Moving Programs from Good to Great*
- Centers for Disease Control and Prevention/Nutrition and Physical Activity - *How to Market Health Foods to Kids and Parents*
- Mid-Atlantic Network of Youth and Family Services
- National Council of Higher Education Loan Programs
- New Haven (CT) Teen Pregnancy Prevention Program
- National Healthy Marriage Resource Center - *Launching a National Conversation about Healthy Marriage*
- New Jersey Association of Student Financial Aid Administrators
- New Mexico Teen Pregnancy Coalition
- Philadelphia College Access Program - *Winning the Race from Diploma to Degree*
- Planned Parenthood of Northern New England - *A Model for Success: Communicating Effectively with Teens*
- St. Christopher's Hospital for Children - *Medical Conference on Youth Violence*
- Tennessee Health Diversity Institute
- Twenty-First Century Community Learning Centers/NY - *The After-School Experience Conference*

U.S. Department of Education/Federal Student Aid Pilot Project - Year 2

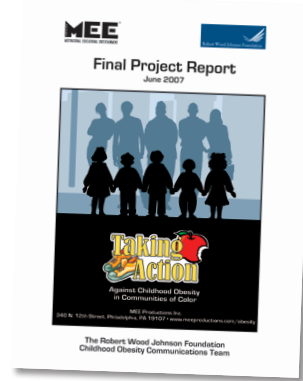
Social Marketing Campaign



MEE is completing the second year of its pilot social marketing campaign for the U.S. Department of Education. The goal of the campaign, being conducted in Charlotte and Philadelphia is to let low-income, minority and first-generation high school seniors know about the variety of federal student aid (grants, work-study and low-interest loans) available to them for education and training beyond high school. This culturally-specific sub-campaign is part of a larger, mainstream marketing strategy. We continue to target African American high school seniors; their parents/caregivers and other influencers; college access programs; counselors and other personnel at schools, after-school and career development programs; and the community-at-large. The goal is to increase the number of minority high school students who file the (Free Application for Federal Student Aid (FAFSA). A planned third year, slated to start during the summer of 2008, will focus on high school students and families in Long Beach, CA.

RWJF Taking Action

Action Plan Dissemination



MEE will be sharing the results of its 18-month communications project to create an Action Plan for a childhood obesity awareness-raising and advocacy campaign targeting low-income African American parents of children ages 3-12. Our dissemination strategy will expand the network of individuals and organizations in communities of color that are committed to preventing childhood obesity, by making them aware of the research and strategies uncovered during this 2006-07 project. Disseminating 500 copies of the *Taking Action Against Childhood Obesity in Communities of Color* report and documentary will begin to engage potential advocates and contribute critically-important information to a community-level dialogue regarding childhood obesity prevention and the capacity-building that needs to occur. While the focus will be on the two communities, Atlanta and Baltimore, where the original research was conducted, the executive summary will be made available to key stakeholders in urban areas across the country.

2008 Voter Education and Registration Promotion

Materials Development

Community Mobilization



With a potentially historic presidential election slated for later this year, MEE is using its expertise and experience in developing voter education and registration campaigns around the country to enfranchise some of our underserved citizens in our home state of Pennsylvania. MEE is promoting voting empowerment for people in our community who have too often been left out of the process, including young people of color, African American males of all ages and other often-marginalized citizens, including ex-offenders. MEE created and disseminated (through its Community Network) a motivational outreach flyer (print and html versions) that is being used to raise awareness of the voter registration deadlines and increase the number of people who register and vote in the April Presidential primary and November general election. We also sought to forge corporate, media and community partnerships that could donate time to air radio public service announcements; and most importantly, sponsor community dialogue about why voting is so important.

Mental Health in the Black Community



MEE will conduct focus group research with low-income African American parents and young adults in Philadelphia and Washington, DC who are dealing with the extreme stresses associated with day-to-day living in poor, at-risk neighborhoods. To refine the focus of its audience research, MEE conducted expert interviews with Dr. Carl Bell, a leading expert on the mental health of African Americans and Dr. Joe White, Professor Emeritus of Psychology at the University of California at Irvine. Focus groups will include people dealing with the interconnected issues of family and community violence (and related post-traumatic stress), other kinds of personal and community-level trauma and tragedy, substance abuse, homelessness,



Carl Bell, M.D., President & CEO of the Community Mental Health Council in Chicago and a leading expert on the mental health of African Americans



Joseph White, Ph.D., Professor Emeritus of Psychology at the University of California at Irvine and author of *Black Man Emerging: Facing the Past and Seizing a Future in America*

death, suicide, broken homes (fatherlessness, foster care placements) and child sexual abuse. One goal is to understand how Departments of Mental Health in both cities can best provide services to victims of trauma and to “emotionally injured” children and adults. We also hope to help mental health professionals understand the stigmas and barriers associated with accessing mental health services, even when one is in pain. Findings can be used to increase community awareness of the need for mental wellness and change attitudes among families about seeking services. The collected data can also be used to help create culturally-relevant outreach messages, so that more African Americans will take action on behalf of their mental health.

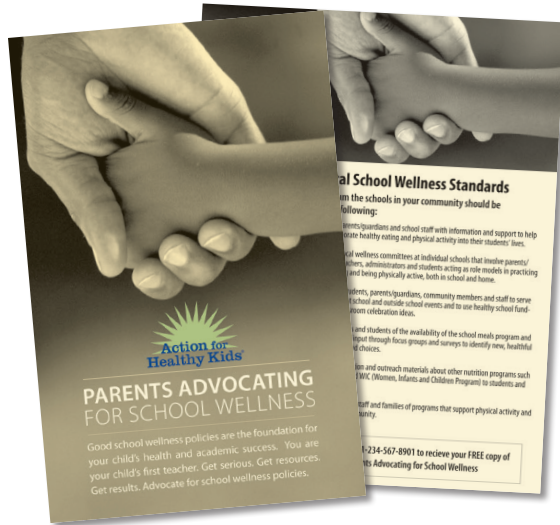
DC Coalition Against Domestic Violence Media/Materials Development



MEE is providing the (Washington) DC Coalition Against Domestic Violence with message and materials development services for a campaign designed to reach out to and engage under-represented domestic violence victims (African American, Chinese and Vietnamese women; Latinas; female youth 12-18; and/or male victims) and their key influencers. We are creating culturally-relevant materials for a cross-section of audiences, based on the findings of the focus group research MEE conducted and coordinated in 2007. Messages will promote “support, not judgment” of domestic violence victims. Materials will include print ads (for Metro transit, newspapers and church bulletins), radio scripts for public service announcements, a multi-panel informational brochure and an electronic resource directory.

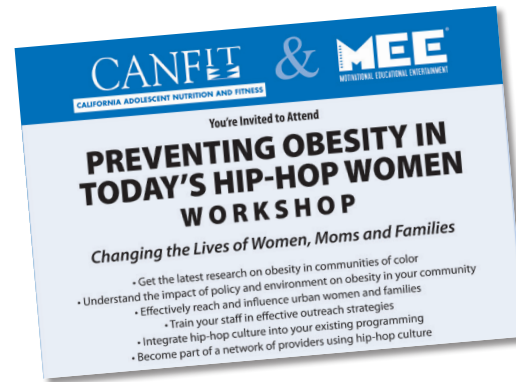
Action for Healthy Kids Toolkit and Enhanced Funding

Technical Assistance Toolkit Development



MEE continues its work with Action for Health Kids in mobilizing schools, families and communities to address disparities that result in high obesity rates among African American and other children of color. MEE is creating a culturally-relevant set of materials that will inform African American parents about the need for action to reduce obesity and educate AFHK Teams on how to recruit these parents as advocates for change in school wellness policies. Components of the toolkit address issues such as: understanding the oral communications culture of the parents being targeted; the need for incentives to increase parental participation in advocacy efforts; and how to recruit parents in urban communities using low-cost methods.

Obesity in the Hip Hop Generation Workshops/Technical Assistance



The 2008 obesity prevention workshops will be held in Chicago and Northern New Jersey, and presented in conjunction with Arnell Hinkle, Executive Director of the California Adolescent Nutrition and Fitness (CANFit).

Workshop attendees will participate in hands-on, interactive sessions about communication and community outreach strategies based on MEE's ongoing research. Attendees will begin creating effective new messages, materials and outreach efforts, and participate in brainstorming sessions about strategies that will build critically-needed supports for our young women and mothers who are raising the current hip-hop generation.

CANFit, will lead a fun and easy-to-follow group demonstration of the hip-hop dance routines in its P.H.A.T. video. All attendees will receive the video and MEE products designed to engage and motivate urban and ethnic young women and mothers.

Parent-Child Communications DVD

Interactive Media Production

MEE will be creating a prototype of an interactive DVD and workbook promoting improved parent-adolescent communication. The goal is to get parents and their teens talking more in order to reduce sexual risk behavior among Black urban minority youth who are at high risk for contracting HIV. Both are designed to be used separately and together by adolescents and their parents.

411 Safe Text

E-Health Technologies

MEE is providing technical assistance and media production services to the University of Colorado Health Sciences Center to develop and audience-test the **411 Safe Text** concept, a new e-health technology application. The project will develop, test and apply a text messaging system for communicating health-promotion messages to urban youth. In this Web and cell phone-driven application, African American youth and young adults will sign up to receive text messages promoting safe sexual behavior on their mobile phones, two-way pagers or other handheld messaging devices. Messages will counter the intrusive and negative impact of advertising media with positive messages. As a foundation, MEE will conduct formative audience research for the project, using a mixed methodology of qualitative and quantitative methods. We will also lead the development of the cell phone-based intervention and its technical program delivery protocol.

Electronic Resource Directory

New Media Technology

The Electronic Resource Directory is a new way MEE is leveraging technology to meet the needs of underserved communities. These user-friendly yet comprehensive guides developed by MEE can connect individuals, families, service providers and community-based organizations with a wide variety of resources related to public health issues.

Many cities create resource directories for their social service agencies and programs. The problem is that more often than not the listings are out of date as soon as the information is collected and published, because of a significant turnover in personnel and services. Updates to the MEE-developed directory are simple and convenient, because they are handled on the "back end," and can be done as often as changes in information occur. Once people insert the business card-sized disk into their computer drive, they are always ensured of accessing the most recent information.

The Electronic Resource Directory was first developed for the Blueprint for a Safer Philadelphia Campaign. That Directory is the City's premier local listing of agencies, programs and services that are making a difference. MEE plans to market its Resource Directory concept to other clients. One is currently being developed for the DC Coalition Against Domestic Violence, and several other clients have expressed interest in this cutting-edge technology.

MEE New Corporate Website

Interactive Media Production



As MEE's business has grown (along with the range of its products and services), so has its need for an improved Internet presence. We want to ensure that our corporate Website can cope with global interest and demand and that it effectively communicates the unique competitive advantages that MEE offers to its current and potential clients. The new, redesigned Website will enhance the user experience (navigation, new look and interface) along with upgrading the e-commerce and shopping cart functions to support product sales and corporate marketing. It will also make it easier for MEE's multimedia design team to update content on a more consistent basis, to reflect client interests and internal priorities. Further development of the site will continue into 2009.

MEE Productions Inc. Financial Statements

**For the Years Ended
December 31, 2007 and 2006**

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Independent Auditor's Report

Officers and Directors
MEE Productions Inc.
Philadelphia, Pennsylvania

We have audited the accompanying balance sheet of MEE Productions Inc. as of December 31, 2007 and 2006, and the related statements of operations, shareholders' equity and cash flows for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of MEE Productions Inc. as of December 31, 2007 and 2006, and the results of its operations and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Margulis & Company P.C.
Certified Public Accountants

Bala Cynwyd, PA
March 7, 2008

Balance Sheet

	December 31,	
	2007	2006
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 568,838	\$ 606,229
Accounts receivable, net	64,368	213,699
Prepaid and refundable income taxes	4,390	2,000
Other current assets	5,409	4,408
Total current assets	643,005	826,336
Equipment and video, net of accumulated depreciation	26,954	29,340
Other assets	14,971	14,921
	<u>\$ 684,930</u>	<u>\$ 870,597</u>
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities		
Notes payable, shareholder	\$ —	\$ 40,000
Accounts payable	96,903	100,841
Accrued expenses	10,547	8,783
Accrued income taxes	—	10,669
Deferred revenue	150,000	373,391
Total current liabilities	257,450	533,684
Shareholders' equity:		
Common stock	16,934	16,250
Paid-in capital	240,268	213,466
Retained earnings	170,278	107,197
Total shareholders' equity	427,480	336,913
	<u>\$ 684,930</u>	<u>\$ 870,597</u>



The notes to financial statements are an integral part of the above statement.

Statement of Operations

	Year Ended December 31,	
	2007	2006
Revenues:		
Research and consulting	\$ 415,538	\$ 475,950
Media and video production	483,903	1,017,118
Advertising and marketing campaigns	2,299,858	909,999
Speaking and workshops	134,125	51,471
Product sales - video and reports	11,511	6,351
Total revenues	3,344,935	2,460,889
Operating expenses	3,280,470	2,366,566
Income from operations	64,465	94,323
Other income (charges):		
Interest expense - related party	—	(5,000)
Interest income	19,816	11,660
	19,816	6,660
Income before provision for income taxes	84,281	100,983
Provision for income taxes	21,200	21,760
Net income	\$ 63,081	\$ 79,223

Statement of Shareholders' Equity

	Common Stock (a) Shares	Amount	Paid-in Capital	Retained Earnings
Balance, January 1, 2006	15,200	\$ 15,200	\$ 201,805	\$ 27,974
Stock issued in lieu of compensation	1,050	1,050	11,661	
Net income				79,223
Balance, December 31, 2006	16,250	16,250	213,466	107,197
Stock issued in lieu of compensation	684	684	26,802	
Net income				63,081
Balance, December 31, 2007	<u>16,934</u>	<u>\$ 16,934</u>	<u>\$ 240,268</u>	<u>\$ 170,278</u>

(a) \$1 par value; 75,000 shares authorized, 16,934 and 16,250 shares issued and outstanding at December 31, 2007 and 2006, respectively.

Statement of Cash Flows

	Year Ended December 31,	
	2007	2006
Increase (Decrease) in Cash and Cash Equivalents		
Cash flows from operating activities:		
Net income	\$ 63,081	\$ 79,223
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	12,247	14,974
Non-cash compensation	27,486	12,711
(Increase) decrease in operating assets:		
Accounts receivable	149,331	127,430
Prepaid expenses and other current assets	(2,390)	9,297
Other current assets	(1,001)	(1,523)
Other assets	(50)	—
Increase (decrease) in operating liabilities:		
Accounts payable	(3,938)	(30,027)
Accrued expenses	1,764	3,150
Accrued income taxes	(10,669)	10,669
Deferred revenue	(223,391)	237,589
Net cash provided by operating activities	12,470	463,493
Cash flows from investing activities:		
Acquisitions of equipment and video	(9,861)	(22,808)
Net cash (used in) for investing activities	(9,861)	(22,808)
Cash flows from financing activities:		
Repayment of note payable, shareholder	(40,000)	—
Net cash (used in) for financing activities	(40,000)	—
Net (decrease) in cash and cash equivalents	(37,391)	440,685
Cash and cash equivalents at beginning of year	606,229	165,544
Cash and cash equivalents at end of year	\$ 568,838	\$ 606,229
Supplemental Disclosures of Cash Flow Information		
Cash paid during the year for:		
Income taxes	\$ 34,200	\$ 19,000
Interest - related party	\$ —	\$ 5,000

Notes to Financial Statements

For the Years Ended

December 31, 2007 and 2006

1. Nature of Business and Summary of Significant Accounting Policies

Nature of business - The Company is a full-service communications company helping both the public and private sectors reach and influence urban populations with pro-social messages.

Use of estimates - The presentation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and cash equivalents - The Company considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents.

Accounts receivable - Accounts receivable are stated at the amount management expects to collect from outstanding balances. Management has elected to record bad debts using the direct write-off method. Generally accepted accounting principles require that the allowance method be used to reflect bad debts. However, the effect of the use of the direct write-off method is not materially different from the results that would have been obtained had the allowance method been followed.

The Company grants credit to clients throughout the United States. The Company's three largest clients accounted for 84% of accounts receivable at December 31, 2007.

Depreciation - Equipment and video is carried at cost. Depreciation is generally provided by using accelerated methods over estimated useful lives.

Deferred revenue - The Company recognizes revenue on research and consulting contracts as the work progresses on each contract.

2. Equipment and Video

	<u>2007</u>	<u>2006</u>
Office equipment	\$436,311	\$426,450
Video	<u>63,393</u>	<u>63,393</u>
	499,704	489,843
Less accumulated depreciation	<u>472,750</u>	<u>460,503</u>
	<u>\$ 26,954</u>	<u>\$ 29,340</u>

3. Bank Line of Credit

The Company has a \$200,000 line of credit with Wachovia National Bank, with interest at prime plus 1% (effective interest rate of 8.25% and 9.25% at December 31, 2007 and 2006, respectively) and collateralized by the personal guaranty of Ivan Juzang. At December 31, 2007 and 2006, the Company had not drawn on the line of credit.

Notes to Financial Statements

For the Years Ended December 31, 2007 and 2006

4. Note Payable, Shareholder

In 2003, a shareholder of the Company advanced \$40,000 to the Company, and the note was repaid during 2007. The note was due on demand, bore interest at 12.5% and was unsecured.

5. Lease Commitments

In October, 2002, the Company entered into a lease for its Philadelphia office facility with annual rent of \$57,192, increasing 3% annually, which expired in October, 2006. In addition, the Company leases additional space at this location on an annual basis for approximately \$800 per month. The Company amended its lease in February, 2007 with annual rent of \$57,420, increasing 3% annually, which expires in August, 2009.

In December, 2001, the Company entered into a lease for its Washington, DC office facility with annual rent of \$26,400, which expired in October, 2002, with six additional one-year renewal terms. The lease was renewed and will expire in October, 2008.

In March, 2003, the Company entered into a lease for its Los Angeles, CA office facility with annual rent of \$18,745, which expired in April, 2005. In May, 2005, the Company entered into a new lease with annual rent of \$8,100, which expires in April, 2008.

The Company's future minimum rental payments for all of its operating leases, having initial or remaining terms in excess of one year, are approximately as follows:

2008	\$82,000
2009	38,000

Rent expense for office facilities for 2007 and 2006 amounted to approximately \$106,000 and \$118,000 respectively.

The Company also leases equipment and facilities on an as needed basis. The equipment and facilities rental for 2007 and 2006 amounted to \$14,000 and \$27,000, respectively.

Notes to Financial Statements

For the Years Ended December 31, 2007 and 2006

6. Income Taxes

The Company accounts for its income taxes using Financial Accounting Standards Board Statement of Financial Accounting Standards No. 109, "Accounting for Income Taxes" (SFAS No. 109), which, among other things, requires the establishment of a deferred tax asset for the recognition of net operating loss carryforwards. The Company has approximately \$11,000 in state income tax benefits at December 31, 2006 and established a valuation allowance for the full amount because the Company determined that it was more likely than not that this benefit would not be realizable.

The provision for income taxes consisted of the following:

	<u>2007</u>	<u>2006</u>
Current		
Federal	\$15,000	\$19,000
State	<u>6,200</u>	<u>2,760</u>
	<u>\$21,200</u>	<u>\$21,760</u>

Pre-tax income was adjusted as follows in order to arrive at taxable income:

	<u>2007</u>	<u>2006</u>
Pre-tax income	\$84,281	\$100,983
Adjustments to taxable income:		
Charitable contributions	<u>(981)</u>	<u>(7,101)</u>
Taxable income	<u>\$83,300</u>	<u>\$93,882</u>

Notes to Financial Statements For the Years Ended December 31, 2007 and 2006

7. Major Clients

Revenues from the Company's major clients in 2007 and 2006 were 69% and 57%, respectively, of the Company's total revenues, as follows:

	<u>2007</u>	<u>2006</u>
Client 1	\$1,423,000	\$798,000
Client 2	589,000	—
Client 3	301,000	357,000
Client 4	<u>—</u>	<u>250,000</u>
	<u>\$2,313,000</u>	<u>\$1,405,000</u>

8. Profit Sharing Plan

Effective in 2006, the Company has a discretionary profit sharing plan covering all employees who have completed one full year of service. The contributions to the plan amounted to \$2,904 and \$657 for the years ended December 31, 2007 and 2006, respectively.

Independent Auditor's Report on Supplementary Information

Officers and Directors
MEE Productions Inc.
Philadelphia, Pennsylvania

Our report on our audits of the basic financial statements of MEE Productions Inc. for 2007 and 2006 appears on page 13. Those audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The following supplementary information, on page 23, is presented for the purpose of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the procedures applied in the audits of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Margolis & Company P.C.
Certified Public Accountants

Bala Cynwyd, PA
March 7, 2008

Operating Expenses

	Year Ended December 31,	
	2007	2006
Payroll	\$ 1,418,788	\$ 1,022,678
Payroll taxes	120,020	93,391
Employee benefits	47,369	44,766
	<u>1,586,177</u>	<u>1,160,835</u>
Contractors	103,512	114,055
Contributions	8,600	3,190
Depreciation	12,247	14,974
Equipment and facilities rental	14,069	27,107
Information technology services	19,275	16,143
Insurance	17,107	20,920
Licenses and miscellaneous taxes	14,414	4,121
Miscellaneous	1,734	—
Office	62,712	41,097
Production and project	1,226,054	747,710
Professional fees	56,705	53,751
Profit sharing	2,904	657
Rent	105,918	117,502
Telephone	38,480	33,506
Transportation and travel	4,703	3,226
Utilities	5,859	7,772
	<u>\$ 3,280,470</u>	<u>\$ 2,366,566</u>

In Memoriam



Dr. Asa G. Hilliard, III

The MEE family lost a friend in 2007 whose relationship with us extends back to even before the company's very beginnings. Dr. Asa G. Hilliard, III, extraordinary educator and a renowned expert on the history and culture of Ancient Egypt (originally known as Kemet), passed on last summer of complications from malaria at age 73. His calm advice and visionary spirit has informed much of MEE's work and our consciousness as individuals, while his leadership as a devoted truth-seeker and truth-teller is an inspiration to us all. Though we understand that death is a part of life, Dr. Hilliard's passage to becoming an ancestor is a great loss to the world community of African-descended people.



Patrick Ray McLaurin, Ph.D.

We were also deeply saddened by the passing last year of Patrick McLaurin, Ph.D., whose contributions to MEE's early growth and success are truly immeasurable. Co-author of *The MEE Report: Reaching the Hip-Hop Generation* and *In Search of Love: Dating Violence Among Urban Youth* (the basis of his Ph.D. dissertation in Communications at Temple University), Pat was one of our original staff members and a consummate researcher, teacher and mentor. He will be missed, yet always remembered.

Executive Officers

Ivan J. Juzang

Founder and President

Thierry Fortune

Senior Vice President and Treasurer

Alicia L. Jackson

Senior Vice President,
Chief Financial Officer and Secretary

William J. Juzang, II

Vice President

Pamela M. Weddington

Vice President

Jewel C. Love

Vice President (Part-time)

Board of Directors

Ivan J. Juzang

President and Chairperson

Thierry Fortune

Senior Vice President and Treasurer

Alicia L. Jackson

Senior Vice President,
Chief Financial Officer and Secretary

James E. Mitchell, Jr.

Senior Vice President & Managing Director
Private Equities Group
General Electric Asset Management, Inc.

Maxie L. Juzang

President,
Healthcare Staffing Professionals, Inc.

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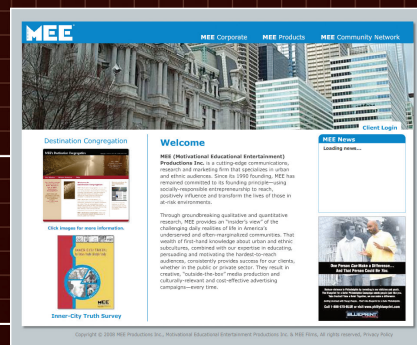
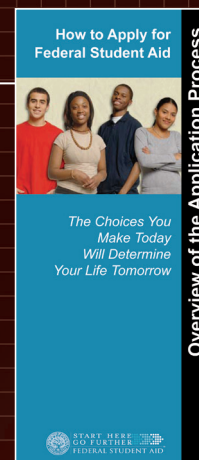
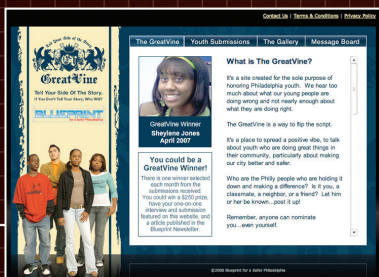
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