SCHALL & ASHENFARB Certified Public Accountants, LLC

IRA L. SCHALL, CPA
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Audited Financial Statements

June 30, 2018

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Independent Auditor's Report

To the Board of Directors of
Mouse Inc.

Report on the Financial Statements

We have audited the accompanying financial statements of Mouse Inc., which comprise the statement of financial position as of June 30, 2018, and 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the 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. 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.

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Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Mouse Inc. as of June 30, 2018, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited Mouse Inc.'s 2017 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated April 18, 2018. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2017 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Schall & Ashenfarb

Schall & Ashenfarb
Certified Public Accountants, LLC

January 10, 2019

MOUSE INC.
STATEMENT OF FINANCIAL POSITION
AT JUNE 30, 2018
(With comparative totals at June 30, 2017)

	6/30/18	6/30/17
Assets		
Cash and cash equivalents	$206,232	$156,454
Investments (Note 3)	352,899	785,906
Unconditional promises to give	37,640	156,960
Government grants and fees receivable	639,235	664,775
Prepaid expenses and security deposit	9,326	17,163
Cash held for letter of credit (Note 8)	32,400	32,400
Fixed assets (Note 4)	51,740	88,293
Total assets	$1,329,472	$1,901,951
Liabilities and Net Assets		
Liabilities:		
Accounts payable and accrued expenses	$50,898	$48,668
Deferred rent	41,752	39,566
Total liabilities	92,650	88,234
Net assets:		
Unrestricted	1,186,822	1,656,567
Temporarily restricted (Note 5)	50,000	157,150
Total net assets	1,236,822	1,813,717
Total liabilities and net assets	$1,329,472	$1,901,951

The attached notes and auditor's report are an integral part of these financial statements.

MOUSE INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2018
(With comparative totals for the year ended June 30, 2017)

	Unrestricted	Temporarily Restricted (Note 5)	Total 6/30/18	Total 6/30/17
Public support and revenue:				
Government grants	$345,169		$345,169	$291,032
Contributions	438,009	$140,000	578,009	492,403
Earned income	564,878		564,878	718,256
In-kind contributions (Note 7)	555,735		555,735	561,927
Special event income (Note 6) (net of expenses with a direct benefit to donors)	164,218		164,218	272,488
Interest and dividends	16,748		16,748	27,632
Net assets released from restrictions	247,150	(247,150)	0	0
Total public support and revenue	2,331,907	(107,150)	2,224,757	2,363,738
Expenses:				
Program services	2,069,752		2,069,752	2,090,523
Management and general	496,983		496,983	244,543
Fundraising	219,858		219,858	237,284
Total expenses	2,786,593	0	2,786,593	2,572,350
Change in net assets from operating activities	(454,686)	(107,150)	(561,836)	(208,612)
Non-operating activities:				
Net loss on investments	(15,059)		(15,059)	(11,611)
Total non-operating activities	(15,059)	0	(15,059)	(11,611)
Change in net assets	(469,745)	(107,150)	(576,895)	(220,223)
Net assets - beginning of year	1,656,567	157,150	1,813,717	2,033,940
Net assets - end of year	$1,186,822	$50,000	$1,236,822	$1,813,717

The attached notes and auditor's report are an integral part of these financial statements.

MOUSE INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2018
(With comparative totals for the year ended June 30, 2017)

	Program Services	Management and General	Fundraising	Total 6/30/18	Total 6/30/17
Salaries	$870,216	$86,593	$151,274	$1,108,083	$960,036
Payroll taxes and employee benefits	183,020	18,212	31,815	233,047	217,545
Total salaries and related expenses	1,053,236	104,805	183,089	1,341,130	1,177,581
Program expense	425,931			425,931	376,231
Rent	91,297	9,085	15,871	116,253	114,521
Consultants (including in-kind) (Note 7)	26,621	323,931	1,378	351,930	222,619
Fundraising event expenses			4,336	4,336	38,906
Office expense	27,000	2,687	4,693	34,380	22,776
Telephone	9,297	925	1,616	11,838	13,766
Postage	1,385	138	241	1,764	3,372
Leased equipment	3,374	336	586	4,296	4,925
Insurance	5,440	2,427	946	8,813	8,642
Payroll processing		37,126		37,126	31,642
Website hosting (including in-kind) (Note 7)	391,151	2,080	1,014	394,245	494,813
Travel	4,791	477	833	6,101	19,904
Bank and credit card charges		9,067		9,067	10,555
Miscellaneous	1,522	1,043	265	2,830	4,002
Depreciation	28,707	2,856	4,990	36,553	28,095
Total expenses	$2,069,752	$496,983	$219,858	$2,786,593	$2,572,350

The attached notes and auditor's report are an integral part of these financial statements.

MOUSE INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2018
(With comparative totals for the year ended June 30, 2017)

	6/30/18	6/30/17
Cash flows from operating activities:		
Change in net assets	($576,895)	($220,223)
Adjustments to reconcile change in net assets to		
net cash (used for)/provided by operating activities:		
Depreciation	36,553	28,095
Net realized and unrealized loss on investments	15,059	11,611
Changes in assets and liabilities:		
Unconditional promises to give	119,320	(15,858)
Government grants and fees receivable	25,540	(280,462)
Prepaid expenses and security deposit	7,837	14,000
Accounts payable and accrued expenses	2,230	(3,811)
Deferred rent	2,186	4,703
Deferred income	0	(3,998)
Total adjustments	208,725	(245,720)
Net cash flows used for operating activities	(368,170)	(465,943)
Cash flows from investing activities:		
Purchases of investments (including reinvestment of income)	(16,732)	(27,616)
Sales of investments	434,680	289,949
Net cash flows provided by investing activities	417,948	262,333
Net increase/(decrese) in cash and cash equivalents	49,778	(203,610)
Cash and cash equivalents - beginning of year	156,454	360,064
Cash and cash equivalents - end of year	$206,232	$156,454

Mouse Inc. did not pay interest or tax expense.

The attached notes and auditor's report are an integral part of these financial statements.

Note 1 - Organization

Mouse Inc. is a nonprofit organization located in New York City that empowers underserved youth to learn, lead and create with technology, preparing them with skills essential for their academic and career success. Mouse Inc.'s primary sources of revenue are contributions, government grants, and program income.

As described in Note 10, subsequent to year end, Mouse Inc. merged with another non-profit organization, Camp Interactive. Per terms of the agreement, Mouse Inc. will be the surviving entity.

Mouse Inc. has been notified by the Internal Revenue Service that it is exempt from Federal income tax under Section 501(c)(3) of the Internal Revenue Code. They have not been determined to be a private foundation as defined in Section 509(a).

Note 2 - Significant Accounting Policies

a. Basis of Accounting
The financial statements of Mouse Inc. have been prepared on the accrual basis of accounting, which is the process of recognizing revenue and expenses when earned or incurred rather than received or paid.

b. Basis of Presentation
Mouse Inc. reports information regarding its financial position and activities according to the following specific classes of net assets:

- *Unrestricted* – represents all activity without donor-imposed restrictions.

- *Temporarily restricted* – accounts for activity based on specific donor restrictions that are expected to be satisfied by the passage of time or performance of activities. (See Note 5 for details.)

c. Recognition of Income
Contributions are recorded at the earlier of when cash is received or a promise is considered unconditional in nature. Contributions are available for general use unless specifically restricted by the donor, in which case they are recorded in the temporarily restricted class of net assets. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restriction. However, contributions received with restrictions that are satisfied or expire in the period received are reported as unrestricted.

Contributions of non-cash assets are recorded at fair value.

All government grants have been recognized as income when earned, either based on performance of certain milestones or by incurring expenses that can be reimbursed under the terms of the grant agreement. The difference between cash received and government grant income recognized is reflected as government grants receivable or government grants advances.

Income earned under licensing and fee for service agreements are classified as "earned income" on the statement of activities. When such agreements contain fixed fees, are non-cancelable, and Mouse Inc. has no remaining obligations under such agreements, the earning process is deemed completed and revenue is recognized. This includes Department of Education contracts for Mouse Squad services.

d. Cash and Cash Equivalents
Mouse Inc. considers all liquid investments with an initial maturity of three months or less to be cash and cash equivalents.

e. Significant Concentrations
Financial instruments that potentially subject Mouse Inc. to concentration of credit risk consist of cash, money market accounts and investment securities, which have been placed with financial institutions that management deems to be creditworthy. At times, balances may exceed federally insured limits. At year end, there were no material uninsured balances.

The market value of investments is subject to fluctuation and principal is not guaranteed. Management believes the investment policy is prudent for the long-term welfare of Mouse Inc.

f. Unconditional Promises to Give
Mouse Inc. records unconditional promises to give at net realizable value when expected to be received within twelve months. Conditional promises to give are recognized when the conditions on which they depend are substantially met. All receivables at year end are due within one year.

g. Allowance for Doubtful Accounts
Mouse Inc. evaluates the need for an allowance for doubtful accounts based on its historical loss experience considering the age of the receivables. As of June 30, 2018, management deems all receivables to be collectible and, as such, has not established an allowance for doubtful accounts. Write-offs are charged to expense when all collection efforts have been exhausted.

h. Investments
Investments are recorded at fair value, which refers to the price that would be received to sell an asset in an orderly transaction between market participants at the measurement date. Realized and unrealized gains and losses are recognized in the statement of activities.

i. Fixed Assets
Fixed assets that Mouse Inc. retains title to and capital items purchased which benefit future periods are capitalized at cost, or if donated, at the estimated fair value at the time of donation. Leasehold improvements are capitalized and amortized over the life of the lease. Depreciation is computed using the straight-line method over the useful life of the asset.

j. Deferred Income
Program fees collected that relate to future periods are recognized as income in the period earned. In addition, contributions received that are conditional on fundraising events for future periods are considered deferred income until those events take place.

k. Deferred Rent
Mouse Inc. recognizes rent expense on the straight-line method and records deferred rent for the cumulative amount that expenses exceed actual payments. In latter stages of the lease, deferred rent will be reduced as the amount of payments exceeds the expense recorded.

l. In-kind Contributions
Donated services that create or enhance non-financial assets or require specialized skills, are provided by individuals possessing those skills and would typically need to be purchased if not provided in-kind, are recognized at fair value.

Board members and individuals volunteer their time and perform a variety of tasks for Mouse Inc. These services do not meet the criteria for recognition and have not been recognized in the financial statements.

m. Management Estimates
The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from those estimates.

n. Expense Allocation
The costs of providing various programs and other activities have been summarized on a functional basis in the financial statements. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Management and general expenses include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of Mouse Inc.

o. Comparative Financial Information
The financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with Mouse Inc.'s financial statements for the year ended June 30, 2017, from which the summarized information was derived.

p. Accounting for Uncertainty of Income Taxes
Mouse Inc. does not believe its financial statements include any material, uncertain tax positions. Tax returns for periods ending June 30, 2015 and later are subject to examination by applicable taxing authorities.

q. Subsequent Events
Management has evaluated for potential recognition and disclosure events subsequent to the date of the statement of financial position through January 10, 2019, the date the financial statements were available to be issued. All events that have occurred subsequent to the statement of financial position date through our evaluation date that

would require adjustment to or disclosure in the financial statements have been made. See Note 10.

r. New Accounting Pronouncement

The Financial Accounting Standards Board (FASB) issued an Accounting Standards Update (ASU) No. 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities*. The ASU, which becomes effective for the June 30, 2019 year, focuses on improving the current net asset classification requirements and information presented in the financial statements and notes that is useful in assessing a not-for-profit's liquidity, financial performance and cash flows.

On June 21, 2018, FASB issued ASU No. 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. The ASU which becomes effective for the June 30, 2020 year, provides guidance on whether a receipt from a third-party resource provider should be accounted for as contributions (nonreciprocal transactions) within the scope of Topic 958, Not-for-Profit Entities, or as exchange (reciprocal) transactions.

FASB issued ASU No. 2014-09, *Revenue from Contracts with Customers*. The ASU, which becomes effective for the June 30, 2020 year, focuses on a principle-based model. It highlights the identification of performance obligations of the contract, determining the price and allocating that price to the performance obligation so that revenue is recognized as each performance obligation is satisfied.

In addition, FASB issued ASU No. 2016-02, *Leases*. The ASU, which becomes effective for the June 30, 2021 year, requires the full obligation of long-term leases to be recorded as a liability with a corresponding "right to use asset" on the statement of financial position.

Mouse Inc. is in the process of evaluating the impact these standards will have on future statements.

Note 3 - Investments

Accounting standards establish a fair value hierarchy giving the highest priority to quoted market prices in active markets and the lowest priority to unobservable data. All investments were measured using Level 1 inputs, which are the quoted prices in active markets for identical assets. The following summarizes the composition of investments:

	6/30/18	6/30/17
Global equity mutual funds	$72,487	$33,686
Fixed income mutual funds	280,412	752,220
Total	$352,899	$785,906

Level 1 investments are valued at the closing price reported on the active market that they are traded on. All dividends received during the year have been reinvested in additional shares.

The following summarizes net loss on investments:

	6/30/18	6/30/17
Unrealized loss on investments	($14,394)	($19,371)
Realized (loss)/gain on sale of investments	(665)	7,760
Total	($15,059)	($11,611)

Note 4 - Fixed Assets

Fixed assets consist of the following:

	6/30/18	6/30/17
Furniture and equipment *(3-5 years)*	$117,643	$117,643
Website – Mouse Create *(3 years)*	101,583	101,583
Leasehold improvements *(life of lease)*	18,844	18,844
	238,070	238,070
Less: accumulated depreciation	(186,330)	(149,777)
Total fixed assets, net	$51,740	$88,293

Note 5 - Temporarily Restricted Net Assets

The following summarizes the changes in temporarily restricted net assets:

	June 30, 2018			
	Balance 7/1/17	Restricted Contributions	Released from Restrictions	Balance 6/30/18
Programs:				
STEM	$107,150	$0	($107,150)	$0
Merger costs	0	115,000	(90,000)	25,000
Time restrictions	50,000	25,000	(50,000)	25,000
Total	$157,150	$140,000	($247,150)	$50,000

	June 30, 2017			
	Balance 7/1/16	Restricted Contributions	Released from Restrictions	Balance 6/30/17
Programs:				
Web Literacy	$30,000	$0	($30,000)	$0
STEM	234,000	0	(126,850)	107,150
Total programs	264,000	0	(156,850)	107,150
Time restrictions	50,000	50,000	(50,000)	50,000
Total	$314,000	$50,000	($206,850)	$157,150

Note 6 - Special Event

During the year ended June 30, 2018, Mouse Inc. hosted a Technology Awards event with Camp Interactive. Mouse Inc. did not pay any direct benefit expenses related to this event.

During the year ended June 30, 2017, Mouse Inc. hosted a 20th Anniversary Benefit.

The special event proceeds are summarized as follows:

	6/30/18	6/30/17
Gross revenue	$164,218	$339,370
Less: expenses with a direct benefit to donors	0	(66,882)
	164,218	272,488
Less: other event expenses	(4,336)	(38,906)
Total	$159,882	$233,582

Note 7 - In-Kind Contributions

The following table outlines the in-kind services recognized and how they were allocated on the statement of functional expenses:

	June 30, 2018			
	Program Services	Management and General	Fundraising	Total
Website hosting	$385,321	$1,500	$0	$386,821
Consultants	0	168,914	0	168,914
Total	$385,321	$170,414	$0	$555,735

	June 30, 2017			
	Program Services	Management and General	Fundraising	Total
Website hosting	$476,127	$9,000	$0	$485,127
Consultants	0	76,800	0	76,800
Total	$476,127	$85,800	$0	$561,927

Note 8 - Commitments and Contingencies

Mouse Inc. occupies space under a lease that expires on April 30, 2022. The future guaranteed minimum payments on the lease are as follows:

Year ending:	June 30, 2019	$107,789
	June 30, 2020	116,593
	June 30, 2021	119,507
	June 30, 2022	101,785
Total		$445,674

Mouse Inc. received an irrevocable standby letter of credit for $32,400 from a bank in connection with the security deposit required on this lease. A savings account was opened with the bank for this purpose. The letter had an initial expiration date of August 1, 2016 with an automatic extension each year for an additional year. The final expiration date of the automatic extension is December 31, 2021. As no drawdowns have been made on this letter of credit during the year, the full amount is outstanding at year end.

In addition, Mouse Inc. had an unused line of credit in the amount of $100,000 at year end.

Note 9 - Retirement Plan

During the fiscal year ended June 30, 2016, Mouse Inc. entered into a PEO (professional employer organization) agreement and terminated its prior 403 (b) plan. Employees were eligible to transfer their account balances from the 403 (b) plan to a new 401 (k) plan sponsored by the PEO. Under this new plan all full-time employees are eligible to contribute pre-tax dollars up to statutory limits beginning on the first day of the month after commencing employment.

Mouse Inc. elected to provide an employer match up to 5% of eligible employee salaries which amounted to $38,372 in 2018 and $35,219 in 2017. Matching contributions are vested upon three years of service.

Note 10 - Subsequent Events

The New York State Attorney General's Office approved a merger between Mouse Inc. and Camp Interactive, another not-for-profit organization effective July 11, 2018. Mouse Inc. will be the surviving entity and has changed its certificate of incorporation to account for this change. The June 30, 2019 financial statement will reflect this change.

In addition, during the year ended June 30, 2018, Mouse Inc. incurred additional one-time expenses as a result of the merger.