SCHALL & ASHENFARB Certified Public Accountants, LLC

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Audited Financial Statements

June 30, 2019

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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. (the "Organization"), which comprise the statement of financial position as of June 30, 2019, 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, 2019, 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.

Emphasis of Matter

As discussed in Note 2 to the financial statements, the Organization adopted Accounting Standards Update ("ASU") No. 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities.* Our opinion is not modified with respect to this matter.

Report on Summarized Comparative Information

We have previously audited the Organization's 2018 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated January 10, 2019. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2018 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

April 16, 2020

MOUSE INC.
STATEMENT OF FINANCIAL POSITION
AT JUNE 30, 2019
(With comparative totals at June 30, 2018)

	6/30/19	6/30/18
Assets		
Cash and cash equivalents	$640,379	$206,232
Investments (Note 3)	372,127	352,899
Unconditional promises to give	22,500	37,640
Government grants and fees receivable	308,875	639,235
Prepaid expenses and security deposit	22,048	9,326
Cash held for letter of credit (Note 8)	32,400	32,400
Fixed assets (Note 4)	15,845	51,740
Total assets	$1,414,174	$1,329,472
Liabilities and Net Assets		
Liabilities:		
Accounts payable and accrued expenses	$44,934	$50,898
Deferred rent	39,334	41,752
Total liabilities	84,268	92,650
Net assets:		
Without donor restrictions	1,051,906	1,186,822
With donor restrictions (Note 5)	278,000	50,000
Total net assets	1,329,906	1,236,822
Total liabilities and net assets	$1,414,174	$1,329,472

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, 2019
(With comparative totals for the year ended June 30, 2018)

	Without Donor Restrictions	With Donor Restrictions (Note 5)	Total 6/30/19	Total 6/30/18
Public support and revenue:				
Government grants	$613,316		$613,316	$345,169
Contributions	559,173	$278,000	837,173	578,009
Earned income	1,159,388		1,159,388	564,878
Special event income (net of expenses with a direct benefit to donors) (Note 6)	270,863		270,863	164,218
In-kind contributions (Note 7)	200,000		200,000	555,735
Interest and dividends	8,761		8,761	16,748
Other income	12,463		12,463	0
Net assets released from restrictions	50,000	(50,000)	0	0
Total public support and revenue	2,873,964	228,000	3,101,964	2,224,757
Expenses:				
Program services	2,302,486		2,302,486	2,069,752
Management and general	464,672		464,672	496,983
Fundraising	353,197		353,197	219,858
Total expenses	3,120,355	0	3,120,355	2,786,593
Change in net assets from operating activities	(246,391)	228,000	(18,391)	(561,836)
Non-operating activities:				
Inherent contribution (Note 10)	97,070		97,070	0
Net gain/(loss) on investments (Note 3)	14,405		14,405	(15,059)
Total non-operating activities	111,475	0	111,475	(15,059)
Change in net assets	(134,916)	228,000	93,084	(576,895)
Net assets - beginning of year	1,186,822	50,000	1,236,822	1,813,717
Net assets - end of year	$1,051,906	$278,000	$1,329,906	$1,236,822

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, 2019
(With comparative totals for the year ended June 30, 2018)

	Program Services	Management and General	Fundraising	Total 6/30/19	Total 6/30/18*
Salaries	$1,306,443	$244,210	$230,664	$1,781,317	$1,108,083
Payroll taxes and employee benefits	305,375	57,083	53,917	416,375	270,173
Program expense	127,444			127,444	425,931
Rent	88,745	16,589	15,669	121,003	116,253
Consultants	135,041	88,447	23,570	247,058	351,930
Fundraising event expenses			44,640	44,640	4,336
Office expense	30,867	9,971	5,450	46,288	38,676
Telephone	17,798	3,328	3,142	24,268	11,838
Postage	983	183	174	1,340	1,764
Insurance	8,625	1,612	1,523	11,760	8,813
Website hosting (including in-kind) (Note 7)	205,297			205,297	394,245
Travel	38,535	2,251	1,521	42,307	6,101
Bank and credit card charges		4,998		4,998	9,067
Miscellaneous		18,681		18,681	2,830
Bad debt expense		10,340		10,340	0
Depreciation	37,333	6,979	6,591	50,903	36,553
Total expenses	2,302,486	464,672	386,861	3,154,019	2,786,593
Less: direct event expenses netted with revenue			(33,664)	(33,664)	0
Total expenses for statement of activities	$2,302,486	$464,672	$353,197	$3,120,355	$2,786,593

* Reclassified for comparative purposes

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, 2019
(With comparative totals for the year ended June 30, 2018)

	6/30/19	6/30/18
Cash flows from operating activities:		
Change in net assets	$93,084	($576,895)
Adjustments to reconcile change in net assets to		
net cash provided by/(used for) operating activities:		
Depreciation	50,903	36,553
Equipment contributed in acquisition	(15,008)	0
Net realized and unrealized (gain)/loss on investments	(14,405)	15,059
Changes in assets and liabilities:		
Unconditional promises to give	15,140	119,320
Government grants and fees receivable	330,360	25,540
Prepaid expenses and security deposit	(12,722)	7,837
Accounts payable and accrued expenses	(5,964)	2,230
Deferred rent	(2,418)	2,186
Total adjustments	345,886	208,725
Net cash flows provided by/(used for) operating activities	438,970	(368,170)
Cash flows from investing activities:		
Purchases of investments (including reinvestment of income)	(4,823)	(16,732)
Sales of investments	0	434,680
Net cash flows (used for)/provided by investing activities	(4,823)	417,948
Net increase in cash and cash equivalents	434,147	49,778
Cash and cash equivalents - beginning of year	206,232	156,454
Cash and cash equivalents - end of year	$640,379	$206,232

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. (the "Organization") 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. The Organization's primary sources of revenue are contributions, government grants, and program income.

In July 2018, the Organization entered into an agreement with another nonprofit organization, CampInteractive, Inc. CampInteractive, Inc. transferred its rights, title, and interest to the Organization. Per terms of the agreement, Mouse, Inc. is the surviving entity.

The Organization 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 accompanying financial statements of the Organization 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.

Effective, July 1, 2018, the Organization adopted the requirements of the Financial Accounting Standards Board's ("FASB") Accounting Standards Update ("ASU") No. 2016-14 – *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities* (ASU 2016- 14). This standard addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return between not-for-profit entities. A key change required by ASU 2016-14 is the net asset classes used in these financial statements. Amounts previously reported as unrestricted net assets are now reported as net assets without donor restrictions and amounts previously reported as temporarily restricted net assets and permanently restricted net assets are now reported as net assets with donor restrictions. A footnote on liquidity has also been added (Note 11).

Implementation of ASU 2016-14 did not require any reclassification or restatement of opening balances related to the periods presented.

b. Basis of Presentation

The Organization reports information regarding its financial position and activities according to the following specific classes of net assets:

- *Net Assets Without Donor Restrictions* – represents all activity without donor-imposed restrictions.

- *Net Assets With Donor Restrictions* – represents those resources, the uses of which have been restricted by donors to specific purposes or the passage of time and/or must remain intact in perpetuity.

c. Revenue Recognition

Contributions are recognized at the earlier of when cash is received or at the time a pledge becomes unconditional in nature. Contributions are recorded in the net asset classes referred to above depending on the existence and/or nature of any donor-imposed restriction. When a restriction expires, that is, when a stipulated time restriction ends, or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions. If donor restricted contributions are satisfied in the same period they were received, they are classified as without donor restrictions. Contributions expected to be received within one year are recorded at net realizable value. Conditional contributions received are recognized as income when the conditions have been substantially met.

Government grants are recognized as income when its conditions are met, 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 revenue recognized is reflected as government grants receivable or government 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 the Organization has no remaining obligations under such agreements, the earning process is deemed completed and revenue is recognized.

d. Measure of Operations

The statement of activities reports all changes in net assets, including changes in net assets from operating and non-operating activities. Operating activities consist of those items attributable to the Organization's ongoing services. Non-operating activities are limited to the net gain or loss on investments and the inherent contribution from the acquisition of another not-for-profit organization.

e. Cash and Cash Equivalents

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

f. Significant Concentrations

Financial instruments that potentially subject the Organization 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. While at year end the Organization had material uninsured balances, management feels they have little risk and the Organization has not experienced any losses due to bank failure.

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 the Organization.

g. Allowance for Doubtful Accounts
All receivables are due within one year. The Organization 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, 2019, 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 the Organization 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 Rent
The Organization recognizes rent expense using 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.

k. 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 the Organization. These services do not meet the criteria for recognition and have not been recognized in the financial statements.

l. 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.

m. Expense Allocation
The costs of providing various programs and other activities have been summarized on a functional basis in the accompanying financial statements. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Salaries expense is allocated based on time and effort. The following costs are allocated based on salary allocation as the basis:

- Payroll taxes and employee benefits
- Rent
- Office expenses
- Telephone
- Postage
- Insurance
- Depreciation

All other expenses have been charged directly to the applicable program or supporting services.

n. 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 the Organization's financial statements for the year ended June 30, 2018, from which the summarized information was derived.

o. 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, 2016 and later are subject to examination by applicable taxing authorities.

p. New Accounting Pronouncements
The Financial Accounting Standards Board (FASB) issued an Accounting Standards Update (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, with early implementation permitted, provides guidance on whether a receipt from a third-party resource provider should be accounted for as a contribution (nonreciprocal transaction) within the scope of *Topic 958, Not-for-Profit Entities*, or as an exchange (reciprocal) transaction.

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.

FASB issued ASU No. 2016-02, *Leases*. The ASU, which becomes effective for the June 30, 2022 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.

Management is in the process of evaluating the impact these new standards will have on future financial 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:

	6/30/19	6/30/18
Global equity mutual funds	$77,624	$72,487
Fixed income mutual funds	294,503	280,412
Total	$372,127	$352,899

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.

Subsequent to year-end, volatility experienced in the financial markets has resulted in a significant decline in the market value of certain investments.

The following summarizes the net gain/(loss) on investments:

	6/30/19	6/30/18
Unrealized gain/(loss) on investments	$3,538	($14,394)
Realized gain/(loss) on sale of investments	10,867	(665)
Total gain/(loss) on investments	$14,405	($15,059)

Note 4 - Fixed Assets

Fixed assets consist of the following:

	6/30/19	6/30/18
Furniture and equipment *(3-5 years)*	$177,035	$117,643
Website – Mouse Create *(3 years)*	101,583	101,583
Leasehold improvements *(life of lease)*	57,993	18,844
	336,611	238,070
Less: accumulated depreciation	(320,766)	(186,330)
Total fixed assets, net	$15,845	$51,740

Note 5 - Net Assets With Donor Restrictions

The following summarizes the changes in net assets with donor restrictions:

	June 30, 2019			
	Balance 7/1/18	Restricted Contributions	Released from Restrictions	Balance 6/30/19
Purpose restricted:				
Mouse create	$0	$203,000	$0	$203,000
STEM	0	75,000	0	75,000
Merger costs	25,000	0	(25,000)	0
Total purpose restricted	25,000	278,000	(25,000)	$278,000
Time restricted	25,000	0	25,000)	0
Total	$50,000	$278,000	($50,000)	$278,000

	June 30, 2018			
	Balance 7/1/17	Restricted Contributions	Released from Restrictions	Balance 6/30/18
Purpose restricted:				
STEM	$107,150	$0	($107,150)	$0
Merger costs	0	115,000	(90,000)	25,000
Total purpose restricted	107,150	115,000	(197,150)	$25,000
Time restricted	50,000	25,000	(50,000)	25,000
Total	$157,150	$140,000	($247,150)	$50,000

Note 6 - Special Event

During the year ended June 30, 2019, the Organization held an event and covered all of its expenses. During the year ended June 30, 2018, the Organization hosted an event with another non-profit organization and did not pay any direct benefit expenses related to this event.

The special event proceeds are summarized as follows:

	6/30/19	6/30/18
Gross revenue	$304,527	$164,218
Less: expenses with a direct benefit to donors	(33,664)	0
	270,863	164,218
Less: other event expenses	(10,976)	(4,336)
Total	$259,887	$159,882

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, 2019			
	Program Services	Management and General	Fundraising	Total
Website hosting	$200,000	$0	$0	$200,000

	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

Note 8 - Commitments and Contingencies

The Organization 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, 2020	$116,593
	June 30, 2021	119,507
	June 30, 2022	101,785
Total		$337,885

The Organization 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.

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

Note 9 - Retirement Plan

The Organization leases employees through a PEO (professional employer organization) agreement. Employees are eligible to participate in a 401 (k) plan sponsored by the PEO. Under this 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.

The Organization elected to provide an employer match up to 5% of eligible employee salaries which amounted to $54,914 in 2019 and $38,372 in 2018. Matching contributions are vested upon three years of service.

Note 10 - Inherent Contribution

As described in Note 1, the Organization received the assets, liabilities and other interests of another nonprofit organization. The financial statements reflect an inherent contribution of $97,070, which represents the excess of the fair value of assets acquired over the fair value of liabilities assumed on the acquisition date. The assets acquired primarily consist of cash accounts and equipment used to operate the program. There were no other assets acquired or liabilities assumed as part of this transfer.

Note 11 - Availability and Liquidity

The Organization maintains cash on hand to be available for its general expenditures and other obligations for on-going operations. As part of its liquidity management, the Organization operates its programs within a board approved budget and relies on government grants, contributions, and earned income to fund its operations and program activities. In addition, the Organization had an unused line of credit in the amount of $100,000 at year end.

The following reflects the Organization's financial assets at June 30, 2019 that are available to meet cash needs for general expenditures within one year:

Financial assets at year-end:		
Cash and cash equivalents	$640,379	
Investments	372,127	
Unconditional promised to give	22,500	
Government grants and fees receivable	308,875	
Total financial assets		$1,343,881
Less amounts not available for general expenditures – Donor contributions restricted to specific purposes		(278,000)
Financial assets available to meet cash needs for operations within one year		$1,065,881

Note 12 - Subsequent Events

Management has evaluated the impact of all subsequent events through April 16, 2020, which is the date that the financial statements were available to be issued.

Subsequent to year end, the World Health Organization declared a novel coronavirus (COVID-19) outbreak a Public Health Emergency of International Concern. This could adversely affect the Organization's donors, program participants and suppliers as a result of quarantines, facility closures, and travel and logistics restrictions in connection with the outbreak. More broadly, the outbreak could affect workforces, economies and financial markets globally, potentially leading to an economic downturn. This could decrease spending, adversely affect demand for the Organization's services and harm the Organization's business and results of operations. Management continues to monitor the outbreak, however, as of the date of these financial statements, the potential impact of such on our business cannot be quantified.