SCHALL & ASHENFARB Certified Public Accountants, LLC

IRA L. SCHALL, CPA
DAVID C. ASHENFARB, CPA
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Audited Financial Statements

June 30, 2020

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SCHALL & ASHENFARB Certified Public Accountants, LLC

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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, 2020, 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 entity'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 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 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, 2020, 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 the Organization's 2019 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated April 16, 2020. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2019 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 14, 2021

MOUSE INC.
STATEMENT OF FINANCIAL POSITION
AT JUNE 30, 2020
(With comparative totals at June 30, 2019)

	6/30/20	6/30/19*
Assets		
Cash and cash equivalents	$1,136,457	$640,379
Investments (Note 3)	388,437	372,127
Unconditional promises to give	15,000	22,500
Government grants receivable	251,377	232,000
Program fees receivable	149,033	76,875
Prepaid and other expense	21,342	22,048
Cash held for letter of credit (Note 9)	32,400	32,400
Fixed assets (Note 4)	4,260	15,845
Total assets	$1,998,306	$1,414,174
Liabilities and Net Assets		
Liabilities:		
Accounts payable and accrued expenses	$35,879	$44,934
Deferred rent	28,112	39,334
Conditional contributions (Note 5)	25,000	0
Paycheck Protection Program loan (Note 6)	359,750	0
Loan payable (Note 7)	149,900	0
Total liabilities	598,641	84,268
Net assets:		
Without donor restrictions	1,086,733	1,051,906
With donor restrictions (Note 8)	312,932	278,000
Total net assets	1,399,665	1,329,906
Total liabilities and net assets	$1,998,306	$1,414,174

* - Reclassified for comparative purposes

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, 2020
(With comparative totals for the year ended June 30, 2019)

	Without Donor Restrictions	With Donor Restrictions (Note 8)	Total 6/30/20	Total 6/30/19
Public support and revenue:				
Government grants	$646,461		$646,461	$613,316
Contributions	528,495	$312,932	841,427	837,173
Earned income	864,108		864,108	1,159,388
Special event income (net of expenses with a direct benefit to donors) (Note 5)			0	270,863
In-kind contributions (Note 2j)			0	200,000
Interest and dividends	9,893		9,893	8,761
Other income	9,842		9,842	12,463
Net assets released from restrictions	278,000	(278,000)	0	0
Total public support and revenue	2,336,799	34,932	2,371,731	3,101,964
Expenses:				
Program services	1,662,881		1,662,881	2,302,486
Management and general	383,976		383,976	464,672
Fundraising	265,828		265,828	353,197
Total expenses	2,312,685	0	2,312,685	3,120,355
Change in net assets from operating activities	24,114	34,932	59,046	(18,391)
Non-operating activities:				
Inherent contribution (Note 11)			0	97,070
Net gain on investments (Note 3)	10,713		10,713	14,405
Total non-operating activities	10,713	0	10,713	111,475
Change in net assets	34,827	34,932	69,759	93,084
Net assets - beginning of year	1,051,906	278,000	1,329,906	1,236,822
Net assets - end of year	$1,086,733	$312,932	$1,399,665	$1,329,906

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, 2020
(With comparative totals for the year ended June 30, 2019)

	Program Services	Management and General	Fundraising	Total 6/30/20	Total 6/30/19
Salaries	$1,094,011	$214,451	$194,527	$1,502,989	$1,781,317
Payroll taxes and employee benefits	248,717	48,754	44,224	341,695	416,375
Program expense	84,561			84,561	127,444
Rent	83,989	16,464	14,935	115,388	121,003
Consultants	70,480	75,702		146,182	247,058
Fundraising event expenses				0	44,640
Office expenses	39,691	13,674	7,058	60,423	46,288
Telephone	9,905	1,941	1,761	13,607	24,268
Postage	354	69	63	486	1,340
Insurance	5,877	1,152	1,045	8,074	11,760
Website hosting	4,028	789	716	5,533	205,297
Travel	12,835			12,835	42,307
Bank and credit card charges		5,552		5,552	4,998
Miscellaneous		3,775		3,775	18,681
Bad debt expense				0	10,340
Depreciation	8,433	1,653	1,499	11,585	50,903
Total expenses	1,662,881	383,976	265,828	2,312,685	3,154,019
Less: direct event expenses netted with revenue				0	(33,664)
Total expenses for statement of activities	$1,662,881	$383,976	$265,828	$2,312,685	$3,120,355

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, 2020
(With comparative totals for the year ended June 30, 2019)

	6/30/20	6/30/19
Cash flows from operating activities:		
Change in net assets	$69,759	$93,084
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	11,585	50,903
Equipment contributed in acquisition	0	(15,008)
Net realized and unrealized gain on investments	(10,713)	(14,405)
Changes in assets and liabilities:		
Unconditional promises to give	7,500	15,140
Government grants receivable	(19,377)	323,985
Program fees receivable	(72,158)	6,375
Prepaid expenses and security deposit	706	(12,722)
Accounts payable and accrued expenses	(9,055)	(5,964)
Deferred rent	(11,222)	(2,418)
Conditional contributions	25,000	0
Paycheck Protection Program loan	359,750	0
Total adjustments	282,016	345,886
Net cash flows provided by operating activities	351,775	438,970
Cash flows from investing activities:		
Purchases of investments (including reinvestment of income)	(5,597)	(4,823)
Net cash flows used for investing activities	(5,597)	(4,823)
Cash flows from financing activities:		
Proceeds from loan	149,900	0
Net cash flows provided by financing activities	149,900	0
Net increase in cash and cash equivalents	496,078	434,147
Cash, cash equivalents, and restricted cash - beginning of year	672,779	238,632
Cash, cash equivalents, and restricted cash - end of year	$1,168,857	$672,779

Cash, cash equivalents, and restricted cash:		
Cash and cash equivalents	$1,136,457	$640,379
Cash held for letter of credit	32,400	32,400
Total cash, cash equivalents, and restricted cash	$1,168,857	$672,779

Mouse Inc. did not pay interest or tax expense.

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

MOUSE INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

Note 1 - Organization

Mouse Inc. (the "Organization") is a nonprofit organization located in New York City that educates and inspires students and teachers from Black and Latinx communities to succeed in computer science and high tech careers. The Organization's primary sources of revenue are contributions, government grants, and program income.

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, 2019, the Organization adopted the requirements of the Financial Accounting Standards Board's ("FASB") Accounting Standards Update ("ASU") No. 2014-09, *Revenue from Contracts with Customers* and all subsequent amendments to the ASU (collectively, "Topic 606"). This provides the framework for recognizing revenue by highlighting the identification of performance obligations of a contract, determining the price, and then allocating the price to each of the performance obligations so that revenue is recognized as each of those performance obligations are satisfied.

Also, effective July 1, 2019, the Organization adopted ASU No. 2018-08 *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made* ("Topic 605"). Key provisions of this guidance include clarification regarding the accounting for grants and contracts as exchange transactions or contributions, and improved guidance for conditional versus unconditional contributions. In accordance with this new standard, the Organization evaluates whether a transfer of assets is an exchange transaction in which a resource provider is receiving a commensurate value in return for the transfer of resources or whether it is non-reciprocal. If the transaction is determined to be an exchange transaction, the Organization applies guidance under Topic 606. If the transaction is determined to be non-reciprocal, it is treated as a contribution under Topic 605.

Analysis of the various provisions of both standards resulted in no significant changes in the way the Organization recognizes revenue.

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

The Organization has adopted Topic 606 using the modified retrospective method applied to all contracts after July 1, 2019 and continues to use legacy GAAP for all contracts before July 1, 2019.

The Organization receives licensing fees and other program fees that fall under Topic 606. Licensing and program fees are recognized as revenue as the performance obligations are met. Program fees that have been earned but not paid at year end are recognized as income and a related receivable. Cash that has been received but not earned at year end is recognized as deferred revenue.

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 may be subject to conditions which are defined under ASU No. 2018-08 as both a barrier to entitlement and a right of return of payments, or release from obligations, and are recognized as income once the conditions have been substantially met.

Government grants have been evaluated and are considered to be non-reciprocal; therefore, they are also treated as contributions under Topic 605. In addition, government grants meet the criteria of being conditional. Revenue from these transactions is recognized when qualifying expenditures are incurred, performance related outcomes are achieved, and other conditions under the agreements are met. Cash received in advance of the conditions being met are treated as liabilities.

Contributions and grants expected to be received within one year are recorded at net realizable value. Long-term pledges are recorded at fair value, using risk-adjusted present value techniques. Receivables are reviewed for collectability. Based on knowledge of specific donors and factoring in historical experience, no allowance for doubtful accounts exists as of June 30, 2020. Write-offs will be made in the period the receivable is deemed to be uncollectable.

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. 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.

h. 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.

i. 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 amounts of payments exceeds the expense recorded.

j. 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. During the year ended June 30, 2019, the Organization received donated website hosting services of $200,000, which were reported as program service expenses. The Organization did not receive any in-kind contributions during the year ended June 30, 2020.

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.

k. 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.

l. 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. 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 the Organization.

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
- Website hosting
- Depreciation

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

m. 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, 2019, from which the summarized information was derived.

n. 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, 2017 and later are subject to examination by applicable taxing authorities.

o. New Accounting Pronouncements

FASB issued ASU No. 2016-02, *Leases*. The ASU which becomes effective for the June 30, 2023 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.

FASB issued ASU No. 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets,* which becomes effective for the June 30, 2022 year with early adoption permitted. This ASU focuses on improving transparency in the reporting of contributed nonfinancial assets and requires a separate line-item presentation on the statement of activities and additional disclosures.

The Organization is in the process of evaluating the impact these 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:

	6/30/20	6/30/19
Global equity mutual funds	$77,850	$77,624
Fixed income mutual funds	310,587	294,503
Total	$388,437	$372,127

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 the net gain on investments:

	6/30/20	6/30/19
Unrealized gain on investments	$6,277	$3,538
Realized gain on sale of investments	4,436	10,867
Total gain on investments	$10,713	$14,405

Note 4 - Fixed Assets

Fixed assets consist of the following:

	6/30/20	6/30/19
Furniture and equipment *(3-5 years)*	$177,035	$177,035
Website – Mouse Create *(3 years)*	101,583	101,583
Leasehold improvements *(life of lease)*	57,993	57,993
	336,611	336,611
Less: accumulated depreciation	(332,351)	(320,766)
Total fixed assets, net	$4,260	$15,845

Note 5 - Special Event

The Organization hosts an annual fundraising event, Diversity in Tech Awards. Due to the coronavirus pandemic, the event originally scheduled to take place during fiscal year 2020 was changed to a virtual event that took place in October 2020. Funds received for the event before year end have been reflected as conditional contributions on the statement of financial position at June 30, 2020.

A summary of the special event for the year ended June 30, 2019 is as follows:

Gross revenue	$304,527
Less: expenses with a direct benefit to donors	(33,664)
	270,863
Less: other event expenses	(10,976)
Total	$259,887

Note 6 - Paycheck Protection Program Loan

During the year ended June 30, 2020, the Organization obtained a loan from the SBA through the Paycheck Protection Program. Terms of the loan indicate that if certain conditions are met, which include maintaining average work forces during periods subsequent to receipt of the loan funds that are greater than pre-determined historical periods, that the loan, or a portion thereof, will be forgiven. Portions that are not forgiven will be payable over a five-year period, with a six-month deferral of payments and interest will accrue at 1%. The loan forgiveness amount has not been determined as of the date of these financial statements.

The Organization expects to recognize revenue from this loan consistent with ASU 2018-08, as it is considered to have traits similar to a conditional contribution; however, will continue to review whether any new accounting pronouncements may be issued that will provide more definitive guidance.

Note 7 - Loan Payable

One June 19, 2020, the Organization obtained an Economic Injury Disaster loan from the SBA. The Organization will use all of the proceeds from this loan solely as working capital to alleviate economic injury caused by the coronavirus pandemic.

The loan has an interest rate of 2.75% and is payable over a thirty-year period. Installment payments will begin twelve months from the date of the note in June 2021. All tangible and intangible property of the organization serve as collateral for the loan.

Note 8 - Net Assets With Donor Restrictions

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

	June 30, 2020			
	Balance 7/1/19	Restricted Contributions	Released from Restrictions	Balance 6/30/20
Purpose restricted:				
Mouse Create	$203,000	$312,932	($203,000)	$312,932
STEM	75,000	0	(75,000)	0
Total	$278,000	$312,932	($278,000)	$312,932

	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

Note 9 - 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, 2021	$119,507
	June 30, 2022	101,785
Total		$221,292

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 10 - 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 $57,920 in 2020 and $54,914 in 2019. Matching contributions are vested immediately.

Note 11 - Inherent Contribution

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 received the assets, liabilities, and other interests of another nonprofit organization during the year ended June 30, 2019. The financial statements reflect an inherent contribution of $97,070 during fiscal year 2019, 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 12 - 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, 2020 that are available to meet cash needs for general expenditures within one year:

Financial assets at year-end:		
Cash and cash equivalents	$1,136,457	
Investments	388,437	
Unconditional promised to give	15,000	
Government grants receivable	251,377	
Program fees receivable	149,033	
Total financial assets		$1,940,304
Less amounts not available for general expenditures – Donor contributions restricted to specific purposes		(312,932)
Financial assets available to meet cash needs for operations within one year		$1,627,372

Note 13 - Subsequent Events

Management has evaluated the impact of all subsequent events through January 14, 2021, which is the date that the financial statements were available to be issued. No events 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.

Note 14 - Other Matters

On January 30, 2020, the World Health Organization declared the coronavirus outbreak a "Public Health Emergency of International Concern" and on March 10, 2020, declared it to be a pandemic. Actions taken around the world to help mitigate the spread of the coronavirus include restrictions on travel, quarantines in certain areas, and forced closures for certain types of public places and businesses. The coronavirus and actions taken to mitigate it have had and are expected to continue to have an adverse impact on the economies and financial markets of many countries, including the geographical area in which the Organization operates. It is unknown how long these conditions will last and what the complete financial effect will be. Management continues to monitor the outbreak; however, as of the date of these financial statements, the potential impact cannot be quantified.