SCHALL & ASHENFARB Certified Public Accountants, LLC

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mouse_

Audited Financial Statements

June 30, 2022

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Mouse Inc.

Opinion

We have audited the accompanying financial statements of Mouse Inc. (the "Organization"), which comprise the statement of financial position as of June 30, 2022, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as of June 30, 2022, and the changes in net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Organization and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists.

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The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users on the basis of these financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit 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, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Report on Summarized Comparative Information

We have previously audited the Organization's 2021 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated April 6, 2022. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2021, 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 11, 2023

MOUSE INC.
STATEMENT OF FINANCIAL POSITION
AT JUNE 30, 2022
(With comparative totals at June 30, 2021)

	6/30/22	6/30/21
Assets		
Cash and cash equivalents	$1,303,673	$1,440,065
Investments (Note 3)	362,026	415,939
Unconditional promises to give	75,000	0
Government grants receivable	197,450	98,526
Program fees receivable	52,952	35,666
Prepaid and other expense	23,561	32,364
Fixed assets (Note 4)	0	1,567
Total assets	$2,014,662	$2,024,127
Liabilities and Net Assets		
Liabilities:		
Accounts payable and accrued expenses	$83,956	$52,855
Paycheck Protection Program loan (Note 5)	0	359,700
Loan payable (Note 6)	149,900	149,900
Total liabilities	233,856	562,455
Net assets:		
Without donor restrictions	1,705,806	1,436,672
With donor restrictions (Note 7)	75,000	25,000
Total net assets	1,780,806	1,461,672
Total liabilities and net assets	$2,014,662	$2,024,127

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

MOUSE INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2022
(With comparative totals for the year ended June 30, 2021)

	Without Donor Restrictions	With Donor Restrictions	Total 6/30/22	Total 6/30/21
Public support and revenue:				
Government grant - Paycheck Protection Program (Note 5)	$359,700		$359,700	$359,750
Other government grants	216,383		216,383	216,320
Contributions	343,112	$150,000	493,112	499,695
Earned income	1,236,155		1,236,155	682,869
Special event income (Note 8)	3,100		3,100	133,609
In-kind contributions (Note 9)	48,273		48,273	50,723
Interest and dividends	7,099		7,099	9,722
Other income	74		74	1,474
Net assets released from restrictions (Note 7)	100,000	(100,000)	0	0
Total public support and revenue	2,313,896	50,000	2,363,896	1,954,162
Expenses:				
Program services	1,529,944		1,529,944	1,415,562
Management and general	237,225		237,225	321,871
Fundraising	216,708		216,708	173,559
Total expenses	1,983,877	0	1,983,877	1,910,992
Change in net assets from operations	330,019	50,000	380,019	43,170
Non-operating activities:				
Net (loss)/gain on investments (Note 3)	(60,885)		(60,885)	23,125
Loss on lease termination (Note 10)			0	(4,288)
Total non-operating activities	(60,885)	0	(60,885)	18,837
Change in net assets	269,134	50,000	319,134	62,007
Net assets - beginning of year	1,436,672	25,000	1,461,672	1,399,665
Net assets - end of year	$1,705,806	$75,000	$1,780,806	$1,461,672

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

MOUSE INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2022
(With comparative totals for the year ended June 30, 2021)

	Program Services	Management and General	Fundraising	Total 6/30/22	Total 6/30/21
Salaries	$924,907	$88,843	$73,134	$1,086,884	$995,908
Payroll taxes and employee benefits	212,545	20,417	16,806	249,768	241,382
Program expense	57,847			57,847	95,447
Rent	6,929	665	548	8,142	40,927
Consultants (including in-kind)(Note 9)	233,114	111,545	120,000	464,659	360,314
Event expenses			200	200	4,084
Office expenses	75,467	8,135	4,533	88,135	72,342
Telephone	3,253	312	257	3,822	6,618
Postage	646	62	51	759	777
Insurance	4,911	2,895	388	8,194	9,740
Website hosting	5,651	543	447	6,641	990
Travel	2,514	1,541	188	4,243	1,563
Bank and credit card charges		354		354	5,638
Miscellaneous	827	1,785	50	2,662	3,739
Bad debt expense				0	68,830
Depreciation	1,333	128	106	1,567	2,693
Total expenses	$1,529,944	$237,225	$216,708	$1,983,877	$1,910,992

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

MOUSE INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2022
(With comparative totals for the year ended June 30, 2021)

	6/30/22	*6/30/21
Cash flows from operating activities:		
Change in net assets	$319,134	$62,007
Adjustments to reconcile change in net assets to net cash (used for)/provided by operating activities:		
Depreciation	1,567	2,693
Bad debt expense	0	68,830
Net realized and unrealized loss/(gain) on investments	60,885	(23,125)
Changes in assets and liabilities:		
Unconditional promises to give	(75,000)	0
Government grants receivable	(98,924)	112,851
Program fees receivable	(17,286)	99,537
Prepaid expenses and other expenses	8,803	(11,022)
Accounts payable and accrued expenses	31,101	16,976
Conditional contributions	0	(25,000)
Paycheck Protection Program loan	(359,700)	(50)
Deferred rent	0	(28,112)
Total adjustments	(448,554)	213,578
Net cash flows (used for)/provided by operating activities	(129,420)	275,585
Cash flows from investing activities:		
Purchases of investments (including reinvestment of income)	(6,972)	(4,377)
Net cash flows used for investing activities	(6,972)	(4,377)
Net (decrease)/increase in cash and cash equivalents	(136,392)	271,208
Cash and cash equivalents - beginning of year	1,440,065	1,168,857
Cash and cash equivalents - end of year	$1,303,673	$1,440,065

Mouse Inc. did not pay interest or income taxes.

The attached notes and auditors' 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 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 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.

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 follows the requirements of Financial Accounting Standards Board's ("FASB") Accounting Standards Codification ("ASC") 958-605 for recording contributions, which are recorded at the time a contribution becomes unconditional in nature. Contributions are recorded in one of the classes of net assets described 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 are received, they are classified as without donor restrictions.

The Organization evaluates whether contributions are conditional, which is when both a barrier must be overcome for the Organization to be entitled to the revenue and a right of return of the asset or right of release from the obligation exists.

Government grants have been evaluated and are considered to be conditional non-reciprocal transactions that fall under the scope of ASC 958-605. 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 is treated as a liability.

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.

The Organization follows the requirements of FASB's ASC 606 for recognizing revenue from contracts with customers. Revenue from training and workshops is recognized at the point in time that the service is provided, and the performance obligation is complete. Fees that have not been collected at year end are reflected as accounts receivable. Amounts collected in advance are treated as deferred revenue.

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, 2022. Write-offs will be made in the period the receivable is deemed to be uncollectable. At June 30, 2022, all receivables are due within one year.

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 loss on lease termination.

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, exceed a dollar threshold of $2,500, and which benefit future periods are capitalized at cost, or if donated, at the estimated fair value at the time of donation. Depreciation is recorded using the straight-line method over the assets estimated useful life.

i. In-Kind Services
Donated services are recognized in circumstances where those services 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.

Board members and other individuals volunteer their time and perform a variety of services that assist the Organization. These services do not meet the criteria outlined above and have not been recorded in the financial statements.

j. 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.

k. Functional Allocation of Expenses
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.

l. 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, 2021, from which the summarized information was derived.

m. 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, 2019 and later are subject to examination by applicable taxing authorities.

n. New Accounting Pronouncement
FASB issued Accounting Standards Update ("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.

The Organization is in the process of evaluating the impact this standard will have on future financial statements.

Note 3 - Investments and Fair Value Measurements

Investments are stated at fair value. Accounting standards have established a fair value hierarchy giving the highest priority to quoted market prices in active markets and the lowest priority to unobservable data. The fair value hierarchy is categorized into three levels based on the inputs as follows:

Level 1 - Valuations based on unadjusted quoted prices in active markets for identical assets or liabilities that the Organization has the ability to access.

Level 2 - Valuations based on quoted prices in markets that are not active or for which all significant inputs are observable, either directly or indirectly.

Level 3 - Valuations based on inputs that are unobservable and significant to the overall fair value measurement.

The following summarizes the composition of investments, which were all measured using Level 1 inputs:

	6/30/22	6/30/21
Global equity mutual funds	$76,504	$96,319
Fixed income mutual funds	285,522	319,620
Total	$326,026	$415,939

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

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

	6/30/22	6/30/21
Unrealized (loss)/gain on investments	($55,590)	$17,432
Realized gain on sale of investments	0	5,693
Investment fees	(5,295)	0
Total (loss)/gain on investments	($60,885)	$23,125

Note 4 - Fixed Assets

Fixed assets consist of the following:

	6/30/22	6/30/21
Furniture and equipment *(3-5 years)*	$177,035	$177,035
Website – Mouse Create *(3 years)*	101,583	101,583
Leasehold improvements *(life of lease)*	0	57,993
	278,618	336,611
Less: accumulated depreciation	(278,618)	(335,044)
Total fixed assets, net	$0	$1,567

Note 5 - Paycheck Protection Program Loan

During the year ended June 30, 2020, the Organization obtained a loan of $359,750 from the Small Business Administration ("SBA") through the Paycheck Protection Program ("PPP"). Terms of the loan indicated that if certain conditions were met, which included maintaining average work forces during periods subsequent to receipt of the loan funds that were not less than pre-determined historical periods, that the loan, or a portion thereof, would be forgiven. The Organization accounted for the PPP loan in accordance with ASC 958-605 as a conditional contribution. During the year ended June 30, 2021, the Organization met all conditions for forgiveness and recognized the loan as revenue. In addition, the Organization was notified that full forgiveness was approved by the SBA.

During the year ended June 30, 2021, the Organization obtained a second loan from the SBA in the amount of $359,700 through the Paycheck Protection Program that had similar terms as the first loan. The Organization met the conditions for full forgiveness in the year ended June 30, 2022 and recognized the loan as revenue. In addition, the Organization was notified that full forgiveness was approved by the SBA.

Note 6 - Loan Payable

On June 19, 2020, the Organization obtained an Economic Injury Disaster loan ("EIDL") from the SBA with an interest rate of 2.75%. The loan has a maturity of 30 years with a deferment of payments for the first 30 months. All tangible and intangible property of the organization serve as collateral for the loan.

Minimum scheduled principal payments are as follows:

Year ending:	June 30, 2023	$2,091
	June 30, 2024	3,664
	June 30, 2025	3,766
	June 30, 2026	3,871
	June 30, 2027	3,978
	Thereafter	132,530
Total		$149,900

Note 7 - Net Assets With Donor Restrictions

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

	June 30, 2022			
	Balance 7/1/21	Restricted Contributions	Released from Restrictions	Balance 6/30/22
Purpose restricted:				
NYC in-school and after-school programming	$0	$150,000	($75,000)	$75,000
Mouse Create	25,000	0	(25,000)	0
Total	$25,000	$150,000	($100,000)	$75,000

	June 30, 2021			
	Balance 7/1/20	Restricted Contributions	Released from Restrictions	Balance 6/30/21
Purpose restricted:				
Mouse Create	$312,932	$25,000	($312,932)	$25,000
Total	$312,932	$25,000	($312,932)	$25,000

Note 8 - Special Event Income

During the year ended June 30, 2022, the Organization held a small fundraising event spotlighting Design League. During the year ended June 30, 2021, the Organization hosted the Diversity in Tech Awards.

A financial summary of these events are as follows:

	6/30/22	6/30/21
Gross revenue	$3,100	$133,609
Less: other event expenses	(200)	(4,084)
Total	$2,900	$129,525

Note 9 - In-Kind Contributions

The Organization received donated legal services of $48,273 and $50,723 during the years ended June 30, 2022 and 2021, respectively. This valuation is based on fair market value on the basis of recent comparable rates for legal services in the New York City Metropolitan area. These expenses were reported as management and general expenses and the statement of functional expenses. There are no associated donor restrictions.

Note 10 - Commitments and Contingencies

The Organization occupied office space under a lease agreement that was set to expire on April 30, 2022. During the year ended June 30, 2021, the Organization and landlord agreed to terminate the lease. The net effect of the lease termination fee and deferred rent associated with this space are reflected as a non-operating loss on the statement of activities in 2021.

In addition, the Organization had an unused line of credit in the amount of $100,000 at year end. The line matures in 2030. There was no outstanding balance on this line of credit at June 30, 2022 and June 30, 2021.

Note 11 - Retirement Plan

The Organization leases employees through a professional employer organization ("PEO") agreement. Employees are eligible to participate in a 403 (b) 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 of up to 5% of eligible employee salaries which amounted to $43,000 in 2022 and $32,000 in 2021. Matching contributions are vested immediately.

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, 2022 that are available to meet cash needs for general expenditures within one year:

Financial assets at year-end:		
Cash and cash equivalents	$1,303,673	
Investments	362,026	
Unconditional promises to give	75,000	
Government grants receivable	197,450	
Program fees receivable	52,952	
Total financial assets		$1,991,101
Less amounts not available for general expenditures – Donor contributions restricted to specific purposes		(75,000)
Financial assets available to meet cash needs for operations within one year		$1,916,101

Note 13 - Subsequent Events

Subsequent events have been evaluated through January 11, 2023, the date the financial statements were available to be issued. There were no material events that have occurred that require adjustment to or disclosure to 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 impact on the economies and financial markets of many countries, including the geographical area in which the Organization operates. As of the date of these financial statements, many of the travel restrictions and stay at home orders have been lifted, however, supply chains remain impacted. Management continues to monitor the outbreak, however, as of the date of these financial statements, the potential impact cannot be quantified.