Mouse Inc.

Audited Financial Statements

June 30, 2023

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C O N T E N T S

Independent Auditor's 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, 2023, 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, 2023, 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 Auditor's 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.

Auditor's 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 auditor's 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 GAAS will always detect a material misstatement when it exists. 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 there is a substantial likelihood that, individually or in the aggregate, they would influence the judgement made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, 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

The financial statements of the Organization for the year ended June 30, 2022, were audited by other auditors whose report dated January 11, 2023 expressed an unmodified opinion on those statements. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2022, is consistent, in all material respects with the audited financial statements from which it was derived.

Sax LLP

New York, NY
April 26, 2024

Mouse Inc.

Statement of Financial Position

At June 30, 2023
(With comparative totals at June 30, 2022)

	June 30, 2023	June 30, 2022*
ASSETS		
Cash and cash equivalents	$ 387,821	$ 1,303,673
Investments	768,803	362,026
Unconditional promises to give	-	75,000
Employee Retention Tax Credit receivable	253,380	-
Government grants receivable	279,000	197,450
Program fees receivable	561,217	52,952
Prepaid expenses and other assets	15,980	23,561
Fixed assets	2,998	-
TOTAL ASSETS	**$ 2,269,199**	**$ 2,014,662**
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts payable and accrued expenses	$ 165,391	$ 83,856
Deferred revenue	124,111	-
Loan payable	150,000	150,000
Total liabilities	439,502	233,856
NET ASSETS		
Without donor restrictions	1,804,697	1,705,806
With donor restrictions	25,000	75,000
Total net assets	1,829,697	1,780,806
TOTAL LIABILITIES AND NET ASSETS	**$ 2,269,199**	**$ 2,014,662**

* - 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, 2023
(With comparative totals for the year ended June 30, 2022)

	Without Donor Restrictions	With Donor Restrictions	Total 6/30/23	Total 6/30/22
PUBLIC SUPPORT AND REVENUE				
Education services - training and instruction	$ 1,110,471	$ -	$ 1,110,471	$ 1,236,155
Government grant - Employee Retention Tax Credit	253,380	-	253,380	-
Government grant - Paycheck Protection Program	-	-	-	359,700
Other government grants	279,000	-	279,000	216,383
Contributions	326,320	-	326,320	493,112
Special event income	-	-	-	3,100
In-kind contributions	50,888	-	50,888	48,273
Interest and dividends	19,488	-	19,488	7,099
Other income	56	-	56	74
Net assets released from restrictions	50,000	(50,000)	-	-
Total public support and revenue	2,089,603	(50,000)	2,039,603	2,363,896
EXPENSES				
Program services	1,545,411	-	1,545,411	1,529,944
Management and general	312,047	-	312,047	237,225
Fundraising	124,527	-	124,527	216,708
Total expenses	1,981,985	-	1,981,985	1,983,877
Change in net assets from operations	107,618	(50,000)	57,618	380,019
NON-OPERATING ACTIVITIES				
Net loss on investments	(8,727)	-	(8,727)	(60,885)
Total non-operating activities	(8,727)	-	(8,727)	(60,885)
Change in net assets	**98,891**	**(50,000)**	**48,891**	**319,134**
NET ASSETS, ***beginning of year***	1,705,806	75,000	1,780,806	1,461,672
NET ASSETS, ***end of year***	**$ 1,804,697**	**$ 25,000**	**$ 1,829,697**	**$ 1,780,806**

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, 2023
(With comparative totals for the year ended June 30, 2022)

	Program Services	Management and General	Fundraising	Total Expenses 6/30/23	Total Expenses 6/30/22*
Salaries	$ 947,704	$ 140,965	$ 77,017	$ 1,165,686	$ 1,086,884
Payroll taxes and employee benefits	220,784	32,841	17,942	271,567	249,768
Consultants (including in-kind)	261,345	115,526	21,806	398,677	464,659
Office expenses	12,557	1,868	1,020	15,445	24,726
IT and communications	27,211	4,048	2,211	33,470	48,459
Travel and meeting	31,909	4,959	1,482	38,350	7,906
Workshop stipends and supplies	6,383	-	-	6,383	12,254
Staff training and development	23,185	3,449	1,884	28,518	31,874
Grant expense	-	-	-	-	33,600
Rent	7,660	1,139	623	9,422	8,142
Event expenses	-	-	-	-	200
Insurance	5,454	812	443	6,709	8,194
Interest	-	4,151	-	4,151	2,628
Miscellaneous	-	2,108	-	2,108	3,016
Depreciation	1,219	181	99	1,499	1,567
Total expenses	**$ 1,545,411**	**$ 312,047**	**$ 124,527**	**$ 1,981,985**	**$ 1,983,877**

* - 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, 2023
(With comparative totals for the year ended June 30, 2022)

	June 30, 2023	June 30, 2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	$ 48,891	$ 319,134
Adjustments to reconcile change in net assets to net cash used for operating activities:		
Depreciation	1,499	1,567
Net realized and unrealized loss on investments	8,727	60,885
Forgiveness of Paycheck Protection Program loan	-	(359,700)
Changes in assets and liabilities:		
Unconditional promises to give	75,000	(75,000)
Employee Retention Tax Credit receivable	(253,380)	(98,924)
Government grants receivable	(81,550)	-
Program fees receivable	(508,265)	(17,286)
Prepaid expenses and other assets	7,581	8,803
Accounts payable and accrued expenses	81,535	31,101
Deferred revenue	124,111	-
Total adjustments	(544,742)	(448,554)
Net cash used for operating activities	(495,851)	(129,420)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of fixed assets	(4,497)	-
Purchases of investments (including reinvestment of income)	(415,504)	(6,972)
Net cash used for investing activities	(420,001)	(6,972)
Net decrease in cash and cash equivalents	**(915,852)**	**(136,392)**
CASH AND CASH EQUIVALENTS ***- beginning of year***	1,303,673	1,440,065
CASH AND CASH EQUIVALENTS ***- end of year***	**$ 387,821**	**$ 1,303,673**
SUPPLEMENTAL CASH FLOW INFORMATION		
Interest paid	**$ 4,151**	**$ 2,628**
Taxes paid	**$ -**	**$ -**

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

Note 1 - Nature of Activities

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 - Summary of Significant Accounting Policies

a. Basis of Accounting

The accompanying financial statements have been prepared using the accrual basis of accounting, which is the process of recognizing revenue and expenses when earned or incurred rather than received or paid.

b. Recently Adopted Accounting Standard

Effective July 1, 2022, the Organization adopted the Financial Accounting Standards Board's ("FASB") Accounting Standards Update ("ASU") No. 2016-02, *Leases*, which requires lessees to recognize leases on the statement of financial position and disclose key information about leasing arrangements. The Organization elected transition relief that allows entities, in the period of adoption, to present the current period under the FASB's Accounting Standards Codification ("ASC") 842 and the comparative period under FASB ASC 840. It also elected not to reassess at adoption (i) expired or existing contracts to determine whether they are or contain a lease, (ii) the lease classification of any existing leases, or (iii) initial direct costs for existing leases. At June 30, 2023, the Organization did not hold any long-term leases material to the financial statements and adoption of this standard did not have a material impact on the Organization's financial statements.

c. 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 activities without donor restrictions as well as activity with donor-imposed restrictions, which expire within the same period that the donation is received.

- *Net Assets with Donor Restrictions* - relates to activity based on specific donor restrictions that are expected to be satisfied by the passage of time or performance of activities.

Note 2 - Summary of Significant Accounting Policies - Continued

d. Revenue Recognition

The Organization follows the requirements of FASB ASC 958-605 for recording contributions, which are recognized at the time a contribution 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 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.

The Organization’s government grants are primarily conditional non-exchange transactions and fall under the scope of FASB 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. Payments received in advance of conditions being met are recorded as deferred revenue.

Unconditional promises to give are recorded at net realizable value if expected to be received in less than one year, or at fair value using a risk-adjusted discount rate if expected to be received in greater than one year. Conditional promises to give are recognized when the conditions on which they depend are substantially met.

The Organization follows the requirements of FASB ASC 606 for recognizing revenue from contracts with customers. Revenue from education services - training and instruction 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, 2023. At June 30, 2023, all receivables are due within one year.

e. 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.

f. Cash and Cash Equivalents

The Organization considers liquid investments that have an initial maturity of three months or less to be cash and cash equivalents. However, amounts held by the investment custodian for long-term purposes are included with investments.

Note 2 - Summary of Significant Accounting Policies - Continued

g. Concentration of Credit Risk

Financial instruments, which potentially subject the Organization to a concentration of credit risk consist of cash and money market accounts that have been placed with financial institutions that management deems to be creditworthy. At times and at year end balances may exceed federally insured limits. While at year end the Organization had material uninsured balances, management feels they have little risk and has not experienced any losses due to bank failure.

h. Investments

Investments with readily available market prices are reflected at fair value, which is defined as the price that would be received to sell an asset or paid to transfer a liability (i.e., the “exit price”) in an orderly transaction between market participants at the measurement date. Realized and unrealized gains and losses are included in income on the statement of activities as non-operating activities.

i. Fixed Assets

Property and equipment that exceed a dollar threshold of $2,500 and have a useful life of greater than one year are recorded at cost or at fair value at the date of gift. Depreciation is computed using the straight-line method over the estimated useful life of the respective asset as follows:

Furniture and equipment - *3 to 5 - year life*
Website - *3 year life*

Maintenance and repairs, which neither materially add to the value of the asset nor appreciably prolong its life are charged to expenses as incurred.

j. In-kind Contributions and Donated Assets

Donated marketable securities and other non-cash donations are recorded as contributions at their fair value on the date of donation. 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.

k. Advertising

Advertising costs are expensed as incurred.

l. Functional Allocation of Expenses

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.

Note 2 - Summary of Significant Accounting Policies - Continued

l. Functional Allocation of Expenses - Continued

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
- Office expenses
- IT and communications
- Staff training and development
- Rent
- Insurance
- Depreciation

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

m. Use of Estimates

In preparing financial statements in conformity with accounting principles generally accepted in the United States of America, management is required to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from those estimates.

n. Accounting for Uncertainty of Income Taxes

The Organization does not believe its financial statements include any material, uncertain tax positions. Tax filings for periods ending June 30, 2020 and later are subject to examination by applicable taxing authorities.

o. Summarized Comparative 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, 2022 from which the summarized information was derived.

p. New Accounting Pronouncement

FASB issued ASU 2016-13, *Financial Instruments - Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*, which becomes effective for the June 30, 2024 year. This ASU requires organizations to measure all expected credit losses for financial instruments held at the reporting date based on historical experience, current conditions, and reasonable and supportable forecasts. 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:

	June 30,	
	2023	2022
Global equity mutual funds	$ 83,089	$ 76,504
Fixed income mutual funds	283,092	285,522
Money market fund	402,622	-
Total	$ 768,803	$ 362,026

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 on investments:

	June 30,	
	2023	2022
Realized/Unrealized loss on investments	$ (4,168)	$ (55,590)
Investment fees	(4,559)	(5,295)
Total loss on investments	$ (8,727)	$ (60,885)

Note 4 - Employee Retention Tax Credit

The Organization claimed the Employee Retention Tax Credit (“ERTC”) in the amount of $253,380. The ERTC was established by the Coronavirus Relief Act issued by Congress during 2020 and allows an employer to obtain fully refundable tax credits through their payroll tax filings for qualified wages paid after March 13, 2020 through September 30, 2021. To be eligible, an employer must incur payroll costs to retain employees and be adversely affected by the COVID-19 pandemic due to having operations suspended by a government order or demonstrating that they had a significant decline in gross receipts.

The Organization accounted for the ERTC as a conditional contribution in accordance with FASB ASC 958-605. The conditions for eligibility outlined above were met during the year ended June 30, 2023, and the full amount was recognized as revenue in 2023.

Note 5 - Fixed Assets

Fixed assets consist of the following:

	June 30, 2023	June 30, 2022
Furniture and equipment	$ 181,532	$ 177,035
Website - Mouse Create	101,583	101,583
	283,115	278,618
Less: accumulated depreciation	(280,117)	(278,618)
Total fixed assets, net	$ 2,998	$ -

Note 6 - Loan Payable

On June 19, 2020, the Organization obtained an Economic Injury Disaster loan ("EIDL") from the Small Business Administration ("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, 2024	$ -
June 30, 2025	-
June 30, 2026	2,641
June 30, 2027	3,640
June 30, 2028	3,740
Thereafter	139,979
Total	$ 150,000

In addition, the Organization has a line of credit in the amount of $100,000. The line matures in 2030. There was no outstanding balance on this line of credit at June 30, 2023 and June 30, 2022. The line was unused in both years.

Note 7 - Net Assets with Donor Restrictions

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

	June 30, 2023			
	Balance 7/1/21	Restricted Contributions	Released from Restrictions	Balance 6/30/22
Purpose restricted:				
NYC in-school and after-school programming	$ 75,000	$ -	$ (50,000)	$ 25,000
Total	$ 75,000	$ -	$ (50,000)	$ 25,000

Note 7 - Net Assets with Donor Restrictions - Continued

	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	$ -	$ 150,000	$ (75,000)	$ 75,000
Mouse Create	25,000	-	(25,000)	-
Total	$ 25,000	$ 150,000	$ (100,000)	$ 75,000

Note 8 - Special Event Income

The Organization did not host a fundraising event during the year ended June 30, 2023. During the year ended June 30, 2022, the Organization held a small fundraising event spotlighting Design League. The financial summary of the event was as follows:

Gross revenue	$ 3,100
Less: other event expenses	(200)
Total	$ 2,900

Note 9 - In-Kind Contributions

The Organization received donated legal services of $50,888 and $48,273 during the years ended June 30, 2023 and 2022, 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 on the statement of functional expenses. There are no associated donor restrictions.

Note 10 - 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 $40,000 in 2023 and $43,000 in 2022. Matching contributions are vested immediately.

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.

Note 11 - Availability and Liquidity - Continued

The following reflects the Organization's financial assets at June 30, 2023 that are available to meet cash needs for general expenditures within one year:

Financial assets at year-end:		
Cash and cash equivalents	$ 387,821	
Investments	768,803	
Employee Retention Tax Credit receivable	253,380	
Government grants receivable	279,000	
Program fees receivable	561,217	
Total financial assets		$ 2,250,221
Less amounts not available for general expenditures:		
Donor contributions restricted to specific purposes		(25,000)
Financial assets available to meet cash needs for operations within one year		$ 2,225,221

Note 12 - Subsequent Events

Subsequent events have been evaluated through April 26, 2024, 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.