DAVISKELLY CERTIFIED PUBLIC ACCOUNTANTS
CREATING VALUE FROM NUMBERS

NEW HARVEST, INC.

Financial Statements

Year Ended December 31, 2015

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To the Board of Directors
New Harvest, Inc.
Brooklyn, NY 11216

Independent Auditor's Report

We have audited the accompanying financial statements of New Harvest, Inc (a nonprofit organization), which comprise the statement of financial position as of December 31, 2015, and the related statements of activities, cash flow, and functional expenses 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.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of New Harvest, Inc. as of December 31, 2015, 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.

NE Kelly + Associates LLC

NE Kelly & Associates, LLC
Boston, Massachusetts
August 18, 2016

NEW HARVEST INC.

Statement of Financial Position

As of December 31, 2015

Assets		
Cash and cash equivalents	$	472,254
Accounts receivable		200
Investments		187,948
Fixed assets, net		11,422
Other assets		2,250
Total assets	$	674,074
Liabilities and net assets		
Liabilities:		
Accounts payable and accrued expenses	$	8,000
Total liabilities		8,000
Net assets:		
Unrestricted net assets		666,074
Total net assets		666,074
Total liabilities and net assets	$	674,074

The accompanying notes are an integral part of these financial statements.

NEW HARVEST INC.

Statement of Activities

For the Year Ended December 31, 2015

Revenues and other support:		
Contributions	$	685,275
Loss on investment		(393)
Total revenues and other support		684,882
Expenses:		
Program expenses		228,820
General and administration		73,175
Total expenses		301,995
Change in net assets		382,887
Net assets, beginning		283,187
Net assets, ending	$	666,074

The accompanying notes are an integral part of these financial statements.

NEW HARVEST INC.

Statement of Cash Flows

For the Year Ended December 31, 2015

Cash flows from operating activities:		
Change in net assets	$	382,887
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization		670
Loss on investment		393
Changes in:		
Accounts receivable		74,229
Security deposit		(2,250)
Accounts payable and accrued expenses		8,000
Net cash provided by operating activities		463,929
Cash flows from investing activities:		
Website costs		(12,092)
Increase in investments		(134,041)
Net cash used in investing activities		(146,133)
Change in cash and cash equivalents		317,796
Cash and cash equivalents, beginning		154,458
Cash and cash equivalents, ending	$	472,254

NEW HARVEST INC.

Statement of Functional Expenses

For the Year Ended December 31, 2015

	Program Expenses	General and Administration	Total
Payroll and related	$ 131,590	$ 32,898	$ 164,488
Professional fees	7,527	30,108	37,635
Advertising	15	-	15
General and administration	230	58	288
Facilities and equipment	9,024	2,256	11,280
Travel and meetings	12,318	3,079	15,397
Telephone and internet	946	236	1,182
Grants expenses	66,500	-	66,500
Depreciation and amortization	670	-	670
Miscellaneous	-	4,540	4,540
Total expenses	$ 228,820	$ 73,175	$ 301,995

The accompanying notes are an integral part of these financial statements.

NEW HARVEST, INC.

Financial Statements

For the Year Ended December 31, 2015

Note 1 - Organization

New Harvest, Inc. (the "Organization") is the non-profit research institute building and establishing the field of cellular agriculture. The Organization was established in 2004 and a 501(c)(3) corporation. With the mission to build and establish the field of cellular agriculture, The Organization strategically funds and conducts open, public, collaborative research that reinvents the way we make animal products - without animals.

Note 2 - Summary of Significant Accounting Policies

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles.

Basis of Presentation

Financial statement presentation follows the requirements of the Financial Accounting Standards Board in its Statement of Financial Accounting Standards, *Financial Statements of Not-for-Profit Organizations.* Under *Financial Statements of Not-for-Profit Organizations,* the Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

Unrestricted Net Assets - consist of assets, public support and program revenues, which are available and used for operations and programs. Contributions are considered available for unrestricted use unless specifically restricted by the donor.

Temporarily Restricted Net Assets - include funds with donor-imposed restrictions, which permit the Organization to expend the assets as specified, and are satisfied either by the passage of time or by actions of the Organization. Resources of this nature originate from gifts, grants, bequests, contracts and investment income earned on restricted funds. The Organization did not have any temporarily restricted net assets at December 31, 2015.

Permanently Restricted Net Assets - include resources, which have a permanent donor-imposed restriction, which stipulates that the assets are to be maintained permanently, but permit the Organization to expend part or all of the income derived from the donated assets. The Organization did not have any permanently restricted net assets at December 31, 2015.

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Organization considers all highly liquid investments with maturity of three months or less when purchased to be cash equivalents.

Note 2 - Summary of Significant Accounting Policies (Continued)

Contributions, Gifts, and Grants

The Organization follows the requirements of the Financial Accounting Standards Board in its Statement of Financial Accounting Standards, *Accounting for Contributions Received and Contributions Made*. This financial accounting standard requires that contributions be recorded as receivables and revenues and requires the Organization to distinguish between contributions received for each net asset category in accordance with donor-imposed restrictions. Contributions may include gifts of cash, collection items, or promises to give.

Support that is restricted by the donor is reported as an increase in temporarily or permanently restricted net assets depending on the nature of the restriction until restriction conditions are satisfied, at which time temporarily restricted net assets are reclassified to unrestricted net assets.

Investments

Investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their value in the statement of financial position. Unrealized gains and losses are included in the change in net assets. Investment income and gains restricted by a donor are reported as increase in unrestricted net assets if the restrictions are met (either by passage of time or by use) in the reporting period in which the income and gains are recognized.

Fixed Assets

Fixed assets are stated at cost, less accumulated depreciation and amortization. Depreciation and amortization are provided using the straight-line method over the estimated useful lives of the related assets, which range from three to seven years, or over the lesser of the term of the lease or the estimated useful life of the asset for assets under capital lease. Leasehold improvements are amortized over the lesser of the term of the lease or the estimated useful life of the improvements.

Normal repairs and maintenance are expensed as incurred whereas significant improvements which materially increase values or extend useful lives are capitalized and depreciated over the remaining estimated useful lives of the related assets.

Upon sale or retirement of depreciable assets, the related cost and accumulated depreciation or amortization are removed from the accounts. Any gain or loss on the sale or retirement is recognized in current operations. Depreciation of equipment, furniture and fixtures is computed using the straight-line method over the following estimated useful lives:

Website development	3 years
Furnishings	5-7 years

Note 2 - Summary of Significant Accounting Policies (Continued)

Revenue Recognition

Contributions, including unconditional promises to give, are recognized as revenues in the period received. Contributions subject to donor-imposed stipulations that are met in the same reporting period are reported as unrestricted support. Conditional promises to give are not recognized until they become unconditional, that is when the conditions on which they depend are substantially met. Contributions of assets other than cash are recorded at their estimated fair value. Contributions to be received after one year are discounted at an appropriate discount rate commensurate with the risk involved, when such amounts are considered material.

The Organization reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, temporarily restricted assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

The Organization reports gifts of land, building, and equipment as unrestricted support unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support.

Contributed Goods and Services

The Organization records various types of in kind support including contributed facilities, professional services, and advertising and materials. Contributed professional services are recognized if the services received: (a) create or enhance long-lived assets, or (b) require specialized skills, or is provided by individuals possessing those skills, or would typically need to be purchased if not provided by donation. Contributions of tangible assets are recognized at fair market value when received.

Additionally, the Organization receives a significant amount of skilled, contributed time, which does not meet the recognition criteria described above. Accordingly, the value of this contributed time has not been determined and is not reflected in the accompanying financial statements.

Functional Allocation of Expenses

The Organization allocates its expenses on a functional basis among its various programs and support services. Expenses that can be identified with a specific program and support service are allocated directly according to their natural expenditure classification.

Advertising Costs

The Organization expenses advertising costs as incurred.

Note 2 - Summary of Significant Accounting Policies (Continued)

Use of Estimates and Assumptions

The preparation of financial statements in conformity with generally accepted accounting principles requires the Organization's management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financials and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates and assumptions.

Income Tax Status

The Organization is exempt from federal income tax under the provision of Internal Revenue Code Section 501 (c)(3). In addition, the Organization qualifies for the charitable contribution deduction under Section 170 (b) (1) (a) and has been classified as an organization that is not a private foundation under Section 509 (a) (1). The Organization is also exempt from New York state taxes under the provision of Department of Revenue Taxation Code. However, the Organization remains subject to income taxes on any net income that is derived from a trade or business, regularly carried on and not in furtherance of the purpose for which it was granted exemption.

The Organization adopted ASC Topic 740, Income Taxes, that prescribes a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return, and provides guidance on derecognition, classification, interest and penalties, disclosure, and transition. Management believes that no such uncertain tax position exists for the Organization at December 31, 2015.

Note 3 – Concentration of credit Risk

The Organization maintains its cash balances in bank deposit accounts, which at times may exceed federally insured limits. The Organization's financial instruments that are potentially exposed to concentration of credit risk consist primarily of cash and cash equivalents. As of December 31, 2015 the total balances of uninsured deposits were $204,638. However, the Organization has not experienced any losses on such accounts and does not believe that it is exposed to any significant credit risk on cash and cash equivalents.

Note 4 – Fixed Assets

Fixed assets consisted of the following:

Website	$ 12,092
Accumulated depreciation	(670)
	$ 11,422

Depreciation and amortization expense was $670 for the year ended December 31, 2015.

Note 5 – Fair Value Measurements

Financial Accounting Standards Board Statement ASC 820, *Fair Value Measurements*, establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy under FASB Statement ASC 820 are described below:

Level 1 Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Plan has the ability to access.

Level 2 Inputs to the valuation methodology include:

Quoted prices for similar assets or liabilities in active markets;

- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means. If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset’s or liability’s fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The fair value of investments appearing on the statement of financial position has the following valuation approaches as defined by FASB ASC 820 hierarchy:

- Assets utilizing Level 1 inputs include common stock of which the fair value was $2,948 as of December 31, 2015. There are no liabilities utilizing Level 1 inputs.
- There are no assets and liabilities utilizing Level 2 inputs.
- Assets utilizing Level 3 inputs include investments in start-up companies which value was $185,000 as of December 31, 2015. There are no liabilities utilizing Level 3 inputs.

Note 6 – Operating Leases

The Organization leases an office space in New York, NY. Leases related expenses were $12,480 for the fiscal years ended December 31, 2015.

Note 7 – Advertising expenses

There was $15 advertising expenses incurred by the Organization for the year ended December 31, 2015.

Note 8 - Subsequent Events

ASC 855-10, “Subsequent events” defines further disclosure requirements for events that occur after the statement of financial position date but before financial statements are issued. In accordance with ASC 855-10, the Organization management has evaluated events subsequent to December 31, 2015 to August 18, 2016 which is the date the financial statements were available to be issued. There were no material events noted during this period that would impact the results reflected in this report.