

**New Harvest, Inc.**  
**Audited Financial Statements**

For Year Ended December 31, 2017



New Harvest, Inc.

Financial Statements

Year ended December 31, 2017

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## Independent Auditor's Report

Board of Directors  
New Harvest, Inc.  
Brooklyn, New York

We have audited the accompanying financial statements of New Harvest, Inc., a nonprofit tax-exempt corporation, which comprise the statement of financial position as of December 31, 2017, and the related statements of activities, cash flows, 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 of 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 statement.

We believe that our 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, 2017 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.

*Moss CPA*

Walnut Creek, California  
April 25, 2018

New Harvest, Inc.

Statement of Financial Position

As of December 31, 2017

<b>Assets</b>	
Cash	\$ 853,685
Investments	193,277
Accounts receivable	78,820
Inventory	1,795
Prepaid expenses	677
Fixed assets, net	3,360
Deposits	4,485
Total assets	<u>\$ 1,136,099</u>
<b>Liabilities and net assets</b>	
Accounts payable and accrued liabilities	\$ 22,350
Grants payable	70,000
Net assets:	
Unrestricted	877,791
Temporarily restricted	165,958
Total net assets	<u>1,043,749</u>
Total liabilities and net assets	<u>\$ 1,136,099</u>

*See accompanying notes.*

New Harvest, Inc.

Statement of Activities

For Year Ended December 31, 2017

	<b>Unrestricted</b>	<b>Temporarily Restricted</b>	<b>Total</b>
Revenue and support:			
Contributions	\$ 686,713	\$ 277,392	\$ 964,105
Fees for services	18,742	-	18,742
Other income	38,370	-	38,370
Investment income	191	-	191
Net assets released from restrictions	111,434	(111,434)	-
Total revenues and support	855,450	165,958	1,021,408
Expenses:			
Program expenses	569,450	-	569,450
General and administrative	46,331	-	46,331
Fundraising	23,154	-	23,154
Total operating expenses	638,935	-	638,935
Change in net assets	216,515	165,958	382,473
Net assets, beginning of year	661,276	-	661,276
Net assets, end of year	<u>\$ 877,791</u>	<u>\$ 165,958</u>	<u>\$ 1,043,749</u>

*See accompanying notes.*

New Harvest, Inc.

Statement of Cash Flows

For Year Ended December 31, 2017

<b>Cash flows from operating activities:</b>	
Change in net assets	\$ 382,473
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation	4,031
Increase in accounts receivable	(73,820)
Increase in prepaid expenses	(677)
Increase in deposits	(2,235)
Increase in accounts payable	11,240
Increase in grants payable	70,000
Net cash provided by operating activities	<u>391,012</u>
<b>Cash flows from investing activities</b>	
Increase in investments	<u>(5,446)</u>
Net cash used in investing activities	(5,446)
Net change in cash	385,566
Cash, beginning of year	<u>468,119</u>
Cash, end of year	<u><u>\$ 853,685</u></u>

*See accompanying notes.*

New Harvest, Inc.

Statement of Functional Expenses

For Year Ended December 31, 2017

	<b>Program Expenses</b>	<b>General and Administrative</b>	<b>Fundraising</b>	<b>Total</b>
Payroll related	\$ 146,052	\$ 22,981	\$ 14,944	\$ 183,977
Professional fees	93,825	20,620	888	115,333
Office expenses	12,053	1,461	5,065	18,579
Facilities and equipment	21,889	1,266	2,111	25,266
Travel and meetings	13,665	3	146	13,814
Grants	277,935	-	-	277,935
Depreciation	4,031	-	-	4,031
Total	<u>\$ 569,450</u>	<u>\$ 46,331</u>	<u>\$ 23,154</u>	<u>\$ 638,935</u>

*See accompanying notes.*

# New Harvest, Inc.

## Notes to Financial Statements

For Year Ended December 31, 2017

### 1. Organization and Summary of Significant Accounting Policies

#### Organization

New Harvest, Inc. is a non-profit organization dedicated to expanding the field of cellular agriculture so that traditional animal products can be produced from cell cultures, not animals. New Harvest, Inc. fosters and funds research in cellular agriculture and works to educate the public, the media, and the scientific community on the benefits and feasibility of producing traditional animal products by cellular agriculture instead of by obtaining such products from animals. New Harvest, Inc. was established in 2004 as a 501(c)(3) corporation.

#### Basis of Accounting

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

#### Financial Statement Presentation

The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America for not-for-profit organizations. The financial activities are classified into the following three classes of net assets:

**Unrestricted Net Assets** — Those net assets and activities which represent the portion of expendable funds available to support operations. A portion of these net assets may be designated by the Board of Directors for specific purposes.

**Temporarily Restricted Net Assets** — Those net assets and activities which are donor restricted for: (a) support of specific operating activities; (b) investment for a specified term; (c) use in a specified future period; or (d) acquisition of long-lived assets.

**Permanently Restricted Net Assets** — Those assets and activities which are permanently donor restricted for holdings of: (a) assets donated with stipulations that they be preserved and not be sold; or (b) assets donated with stipulations that they be invested to provide a permanent source of income.

New Harvest, Inc. has no permanently restricted net assets as of December 31, 2017.



## New Harvest, Inc.

### Notes to Financial Statements (continued)

#### **1. Organization and Summary of Significant Accounting Policies (continued)**

##### **Use of Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

##### **Support and Revenue Recognition**

New Harvest, Inc. records contributions upon the earlier of receipt or when a pledge agreement has been executed. Contributions that have restrictions based on use or time are required to be reported as temporarily restricted support and are then reclassified to unrestricted net assets when restrictions have been satisfied.

New Harvest, Inc. also derives revenues from fees for services performed and sales of inventory. New Harvest, Inc. recognizes revenue upon performance.

##### **Cash**

Cash consists of accounts with an original maturity of three months or less. Financial instruments that potentially subject New Harvest, Inc. to concentrations of credit risk include cash and cash equivalents. Cash deposits are generally federally insured in limited amounts. Cash and cash equivalents are stated at fair market value.

##### **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.

##### **Income Taxes**

New Harvest, Inc. is a Delaware nonprofit corporation, exempt from tax under Internal Revenue Code Section 501(c)(3). New Harvest, Inc. has been classified as a publicly supported organization as described in Section 509(a)(1) of the Internal Revenue Code. Accordingly, donors are entitled to the maximum charitable contribution allowed by law.

## New Harvest, Inc.

### Notes to Financial Statements (continued)

#### **1. Organization and Summary of Significant Accounting Policies (continued)**

##### **Functional Allocation of Expenses**

The costs of providing the various program services and supporting activities of New Harvest, Inc. are shown on the Statement of Functional Expenses. Expenses that can be directly identified with a specific function are allocated directly to that function. Expenses that cannot be directly identified with a specific function are allocated among the program services and the supporting activities benefited.

#### **2. Concentration of Credit Risk**

Financial instruments which potentially subject New Harvest, Inc. to a concentration of credit risk principally consist of cash and money market accounts. The balances, at times, may exceed federally insured limits. As of December 31, 2017 the total balances of uninsured deposits were \$541,374. New Harvest, Inc. has not experienced any losses in these accounts and believes it is not exposed to any significant credit risk.

#### **3. Fair Value Measurements**

New Harvest, Inc.'s financial assets and liabilities carried at fair value have been classified, for disclosure purposes, based on a hierarchy that gives the highest ranking to fair values determined using unadjusted quoted prices in active markets for identical assets and liabilities (Level 1) and the lowest ranking to fair values determined using methodologies and models with unobservable inputs (Level 3). The levels of fair value hierarchy are as follow:

**Level 1** — Values are unadjusted quoted prices for identical assets in active markets accessible at the measurement date.

**Level 2** — Inputs include quoted prices for similar assets in active markets, quoted prices from those willing to trade in markets that are not active, or other inputs that are observable or can be corroborated by market data from the term of the instrument. Such inputs include market interest rates and volatilities, spreads and yield curves.

**Level 3** — Certain inputs are unobservable (supported by little or no market activity) and significant to the fair value measurement. Unobservable inputs reflect New Harvest, Inc.'s best estimate of what hypothetical market participants would use to determine a transaction price for the asset at the reporting date.

New Harvest, Inc.

Notes to Financial Statements (continued)

**3. Fair Value Measurements (continued)**

The following table presents the fair value measurements of assets and liabilities recognized in the accompanying statement of financial position measured at fair value on a recurring basis and the level within the fair value hierarchy in which the fair value measurements fall as of December 31, 2017:

	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Investments:				
Cash and cash equivalents	\$ 8,276	\$ 8,276	\$ -	\$ -
Other investments	\$ 185,000	\$ -	\$ -	\$ 185,000
	<u>\$ 193,276</u>	<u>\$ 8,276</u>	<u>\$ -</u>	<u>\$ 185,000</u>
	<b>Level 3 Fair Value Measurements</b>			
	<u>Balance</u>	<u>Unrealized</u>	<u>Purchases/</u>	<u>Balance</u>
	<u>12/31/16</u>	<u>Gains (Losses)</u>	<u>Sales</u>	<u>12/31/17</u>
Investments:				
Other investments	\$ 185,000	\$ -	\$ -	\$ 185,000
	<u>\$ 185,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 185,000</u>

Investments are reported at fair value as of the date of the financial statements. When possible, the fair value of investments are determined by reference to quoted market prices. When quoted market prices are not available, fair value is estimated by reference to market values for similar investments.

**4. Fixed Assets**

Fixed assets are stated at cost or, if donated, at the fair market value at the time of receipt. Depreciation is computed using the straight-line method of depreciation over the estimated useful live of the assets, ranging from three to seven years. Depreciation expense for the year ended December 31, 2017 was \$4,031.

Property and equipment consists of the following at December 31, 2017:

Website	<u>\$ 12,092</u>
Less accumulated depreciation	<u>(8,732)</u>
Fixed assets, net	<u><u>\$ 3,360</u></u>

## New Harvest, Inc.

### Notes to Financial Statements (continued)

#### 5. Commitments

##### Operating Leases

New Harvest, Inc. is party to a lease for office space in New York ending April 30, 2019. Future minimum lease payments are as follow:

<u>Year</u>	<u>Amount</u>
2018	\$ 28,704
2019	9,568
Total	<u>\$ 38,272</u>

Rent and related expense for the year ending December 31, 2017 was \$21,757.

#### 6. Contingencies

New Harvest, Inc. received support that may be subject to audit or review by the grantors. Management believes that New Harvest, Inc. has complied with all aspects of the grant provisions and that disallowed costs, if any, would be insignificant to the financial position of New Harvest, Inc.

#### 7. Subsequent Events

New Harvest, Inc. has evaluated all subsequent events through April 25, 2018, the date through the financial statements were available to be issued. There were no subsequent events that require recognition or disclosure in the financial statements.