

**New Harvest, Inc.  
Financial Statements  
December 31, 2018**

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Index

<b>Independent Auditor's Report</b>	1
<b>Financial Statements</b>	
Statement of Financial Position	2
Statement of Activities	3
Statement of Functional Expenses	4
Statement of Cash Flows	5
<b>Notes to Financial Statements</b>	6 - 9

Independent Auditor's Report

To the Board of Directors of  
New Harvest, Inc.

I have audited the accompanying financial statements of New Harvest, Inc. which comprise the statement of Financial Position as of December 31, 2018 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**

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

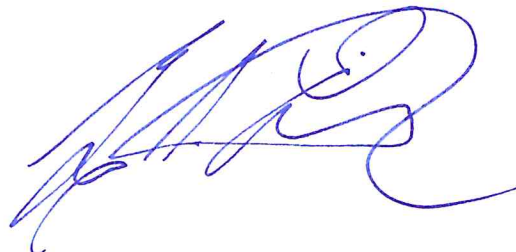
An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or 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, I 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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

**Opinion**

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of New Harvest, Inc., as of December 31, 2018, 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.

June 28, 2019



**New Harvest, Inc**  
**Statement of Financial Position**  
**December 31, 2018**

**Assets**

Current Assets	
Cash	\$ 1,182,397
Accounts receivable	41,508
Total Current Assets	<u>1,223,905</u>
Other Assets	
Security deposit	4,485
Total Other Assets	<u>4,485</u>
Total Assets	<u>\$ 1,228,390</u>

**Liabilities and Net Assets**

Current Liabilities	
Accounts payable	\$ 9,500
Grants payable	34,334
Total Current Liabilities	<u>43,834</u>
Net Assets	
Without donor restrictions	1,184,556
Total Net Assets	<u>1,184,556</u>
Total Liabilities and Net Assets	<u>\$ 1,228,390</u>

See independent auditor's report and accompanying notes to the financial statements.

**New Harvest, Inc.**  
**Statement of Activities**  
**Years Ended December 31, 2018**

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
<b>Support and Revenue</b>			
Contributions	\$ 1,072,225	\$ -	\$ 1,072,225
Program service revenue	7,704	-	7,704
Ticket sales	38,262	-	38,262
Investment income	284	-	284
	<hr/> 1,118,475	-	<hr/> 1,118,475
Net assets released from restrictions:			
Satisfaction of program restrictions	165,958	(165,958)	-
	<hr/> 1,284,433	<hr/> (165,958)	<hr/> 1,118,475
<b>Expenses</b>			
Program Services:	<hr/> 711,801	-	<hr/> 711,801
Supporting Services:			
Management and general	122,932	-	122,932
Fundraising	27,935	-	27,935
Total Expenses	<hr/> 862,668	-	<hr/> 862,668
Change in Net Assets	<hr/> 421,765	<hr/> (165,958)	<hr/> 255,807
Beginning Net Assets as previously reported	877,791	165,958	1,043,749
Prior period adjustment to correct accounting errors - see note 6	<hr/> (115,000)	-	<hr/> (115,000)
Beginning Net Assets, as restated	762,791	165,958	928,749
Ending Net Assets	<hr/> <u>\$ 1,184,556</u>	<hr/> <u>\$ -</u>	<hr/> <u>\$ 1,184,556</u>

See independent auditor's report and accompanying notes to the financial statements.

New Harvest, Inc.  
Statement of Functional Expenses  
Year Ended December 31, 2018

Program Services	Supporting Services			Total 2018
	General and Administrative	Fund- Raising		
Salaries	\$ 152,785	\$ 51,709	\$ 19,309	\$ 223,803
Payroll taxes and fees	28,197	9,543	3,564	41,304
Research grants	335,851	-	-	335,851
Contract services	122,710	18,475	-	141,185
Travel	24,435	366	3,498	28,299
Occupancy	27,254	-	-	27,254
Accounting	-	26,096	-	26,096
Office and other expenses	12,680	4,692	709	18,081
Website maintenance	-	8,930	-	8,930
Meals	2,371	338	-	2,709
Insurance	2,080	525	-	2,605
Banking and finance fees	-	2,053	-	2,053
Internships	2,000	-	-	2,000
Subscriptions and books	1,439	205	-	1,644
Merchandise	-	-	855	855
Total Expenses	\$ 711,801	\$ 122,932	\$ 27,935	\$ 862,668

See independent auditor's report and accompanying notes to the financial statements.

**New Harvest, Inc.**  
**Statement of Cash Flows**  
**Years Ended December 31, 2018**

**Cash Flows from Operating Activities**

Change in Net Assets	\$	255,807
Adjustment to reconcile changes in net assets to net cash provided by operating activities:		
Depreciation expense		3,360
Increase in operating assets:		
Accounts receivable		39,785
Increase (decrease) in operating liabilities:		
Grants payable		42,609
Accounts payable		(12,850)
Net cash provided by operating activities		<u>328,712</u>
Increase in Cash		328,712
Beginning Cash		853,685
Ending Cash	\$	<u>1,182,397</u>

See independent auditor's report and accompanying notes to the financial statements.

**New Harvest, Inc.**  
**Notes to Financial Statements**  
**December 31, 2018**

**Note 1 - Nature of Activities and Summary of Significant Accounting Policies**

Nature of Activities

New Harvest, Inc. (the Organization) is a not-for-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.

The Organization was incorporated in the State of Delaware on July 23, 2004.

Basis of Accounting

The financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America ("GAAP").

Financial Statement Presentation

The Organization reports information regarding its financial position and activities according to two classes of net assets: without donor restrictions and donor restricted net assets.

Net assets without donor restrictions represent revenues and expenses related to the operations and management of the Organization's primary programs and supporting services. If funds are raised and set aside by the Board for future use, these are considered without donor restrictions. Donor restricted contributions that are expended for their restricted purpose in the same reporting period as received may be recorded as without donor restrictions.

Net assets with donor restrictions represent resources available for use, but expendable only for the time and/or purpose specifically stated by the donor. On December 31, 2018, there were no net assets with donor restrictions.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Cash

Cash consists of demand deposit accounts held at a major financial institution and may at times exceed the insurable amount. Management believes it mitigates its risk by depositing cash in a major financial institution that is U.S. Federal government insured.

Investments

Investments are recorded at fair value. Investments, in general, are exposed to various risks such as interest rate, credit, and overall market volatility risks. Due to the level of risk associated with certain investments, it is at least reasonably possible that changes in the values of investments will occur in the near term, based on the markets' fluctuations, and that such changes could materially affect the amounts reported in the Organization's financial statements.

See independent auditor's report.



**New Harvest, Inc.**  
**Notes to Financial Statements**  
**December 31, 2018**

**Note 1 - (Continued)**

Contributions

Contributions are recognized when the donor makes a promise to give to the Organization that is in substance, unconditional. Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restriction expires in the same reporting period in which the contributions are recognized. All other donor restricted contributions are reported as increases in donor restricted net assets. When a restriction expires donor restricted net assets are reclassified to net assets without donor restrictions.

Revenue Recognition

Contributions received are recorded as without donor restrictions or with donor restrictions depending on the existence and / or nature of any restrictions the donor has placed on the contributions.

Income is recognized on an accrual basis when earned.

Accounts Receivable

Unconditional promises to give are recognized in the period received both as revenues or gains and as assets, decreases of liabilities, or expenses, depending on the form of benefits received. Conditional promises to give are recognized only when the conditions on which they depend are substantially met and the promises become unconditional.

Accounts receivable are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible amounts through adjustments to valuation allowances based on its assessment of the current status of individual receivables. Balances still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance. For the year ended December 31, 2018 the allowance for doubtful accounts was \$0.

All pledges and accounts receivable are expected to be received within the current operating cycle of one year.

Property and Equipment

Property and equipment are recorded at cost or, if donated, the approximate fair value at the date of donation.

It is the policy of the Organization to capitalize items with a value greater than \$10,000.

Expenditures for maintenance and repairs are charged to operations as incurred. Significant renovations and replacements, which improve and extend the life of the assets, are capitalized.

Income Taxes

The Organization is exempt from federal income taxes under section 501(c)(3) of the Internal Revenue Code. Therefore, no provision for income taxes has been provided for in the accompanying financial statements.

The Organization's policy is to record interest expense and penalties in operating expenses. As of December 31, 2018, there was no interest and penalties expense recorded and no accrued interest and penalties.

See independent auditor's report.

**New Harvest, Inc.**  
**Notes to Financial Statements**  
**December 31, 2018**

**Note 1 - (Continued)**

Functional Allocation of Expenses

The costs of providing various program and other activities have been summarized on a functional basis in the statement of activities. Certain expenses have been classified based on direct expenditures, other costs were allocated based on estimates made by management such as time spent, quantities of items consumed and the proportion of physical space used.

Concentrations

The Organization maintains its cash accounts in one financial institution. Cash balances located in the bank is insured by the Federal Deposit Insurance Company (FDIC) up to \$250,000. At December 31, 2018, the Organization's uninsured cash balance was \$820,938.

Approximately 28% of the Organization's support and revenue was from one organization for the year ended December 31, 2018.

Donated Services

Donated services are recognized as contributions if the services (1) create or enhance nonfinancial assets or (2) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Organization. Volunteers provide various services that are not recognized as contributions in the financial statements since the recognition criteria were not met.

Subsequent Events

In preparing these financial statements, the Organization has evaluated subsequent events and transactions for potential recognition or disclosure in the financial statements through June 28, 2019, the date the financial statements were available to be issued.

**Note 2 – Net Assets With Donor Restrictions**

Net assets with donor restrictions by revenue source and changes therein for the year ended December 31, 2018, were as follows:

	<b>Balance December 31, <u>2017</u></b>	<b><u>Additions</u></b>	<b>Released From <u>Restrictions</u></b>	<b>Balance December 31, <u>2018</u></b>
<b><u>Restricted as to purpose:</u></b>				
New Harvest Grants	\$ 165,958	\$ -	\$ 165,958	\$ -
	<u>\$ 165,958</u>	<u>\$ -</u>	<u>\$ 165,958</u>	<u>\$ -</u>

See independent auditor's report.

**New Harvest, Inc.**  
**Notes to Financial Statements**  
**December 31, 2018**

**Note 3 –Liquidity and Availability of Financial Assets**

The Organization's working capital and cash flows have seasonal variations during the year attributable to the timing of program and fundraising activities. Monthly cash outflows vary each year based on the specific requirements of the program activities. To manage liquidity the Organization budgets cash flow and conducts fundraising activities that are timed to fulfill anticipated funding requirements.

The following reflects the Organization's financial assets as of the balance sheet date:

Cash	\$ 1,182,397
Accounts receivable	<u>41,508</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 1,223,905</u>

**Note 4- Lease**

The Organization entered into a lease for premises which is on month to month basis. Rent expense for the year ended December 31, 2018 was \$27,254.

**Note 5 - Investments**

The Organization's financial assets carried at fair value have been classified, for disclosure purposes, based on a hierarchy defined by U.S. generally accepted accounting principles.

Level 1 assets have observable market prices.

Level 2 assets do not have observable prices, but have inputs that are based on observable prices.

Level 3 assets have inputs that do not have observable prices.

As of December 31, 2018, the Organization's investments consist of the stock of two privately held companies. These investments are not shown in the financial statements because the fair values are not available.

**Note 6- Prior Period Adjustments**

Correction of accounting errors:

Grants payable in the amount of \$70,000 was erroneously accrued in the financial statements for the year ended December 31, 2017

Investments of \$185,000 were shown in the financial statements for the year ended December 31, 2017. The market value of these investments is not available and therefore they have been removed from the financial statements.

Beginning net assets have been adjusted by \$115,000 on the Statement of Activities to correct these errors.

See independent auditor's report.