

New Harvest, Inc.
(a Not - for - Profit Corporation)
Financial Statements
December 31, 2021

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Independent Auditor's Report

To the Board of Directors of
New Harvest, Inc. (a Not - for - Profit Corporation)

Opinion

We have audited the accompanying financial statements of New Harvest, Inc. (a Not - for - Profit Corporation) which comprise the Statement of Financial Position as of December 31, 2021, 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 financial statements referred to above present fairly, in all material respects, the financial position of New Harvest, Inc. (a Not - for - Profit Corporation) as of December 31, 2021, 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.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. 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 New Harvest, Inc. (a Not - for - Profit Corporation) 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 these 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 New Harvest, Inc. (a Not - for - Profit Corporation) 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 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. 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 generally accepted auditing standards, we:

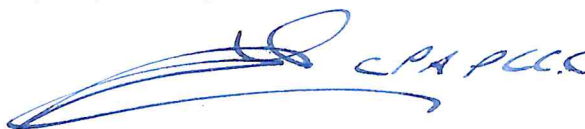
- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, 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 New Harvest, Inc. (a Not - for - Profit Corporation)'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 New Harvest, Inc. (a Not - for - Profit Corporation)'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 New Harvest, Inc. (a Not - for - Profit Corporation)'s 2020 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated June 4, 2021. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2020, is consistent, in all material respects, with the audited financial statements from which it has been derived except for the prior period adjustment described in note 7.

May 19, 2022



New Harvest, Inc.
(a Not - for - Profit Corporation)
Statement of Financial Position
December 31, 2021
(With Summarized Financial Information for 2020)

	<u>2021</u>	<u>2020</u>
Assets		
Current Assets		
Cash	\$ 1,735,283	\$ 1,461,507
Paypal receivable	22,185	18,640
Total Current Assets	<u>1,757,468</u>	<u>1,480,147</u>
Other Assets		
Investments in securities	4,547,000	2,725,000
Security deposit	468	468
Total Other Assets	<u>4,547,468</u>	<u>2,725,468</u>
Total Assets	<u>\$ 6,304,936</u>	<u>\$ 4,205,615</u>
Liabilities and Net Assets		
Current Liabilities		
Accounts payable	\$ 15,094	\$ 12,714
Advance on conditional contribution - Payroll Protection Plan	-	55,430
Total Current Liabilities	<u>15,094</u>	<u>68,144</u>
Net Assets		
Without donor restrictions	6,289,842	4,088,556
With donor restrictions	-	48,915
Total Net Assets	<u>6,289,842</u>	<u>4,137,471</u>
Total Liabilities and Net Assets	<u>\$ 6,304,936</u>	<u>\$ 4,205,615</u>

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

New Harvest, Inc.
(a Not - for - Profit Corporation)
Statement of Activities
Years Ended December 31, 2021
(With Summarized Financial Information for 2020)

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total 2021</u>	<u>2020</u>
Support and Revenue				
Contributions	\$ 2,343,754	\$ -	\$ 2,343,754	\$ 1,607,241
Unrealized gain on investments in securities	1,822,000	-	1,822,000	671,000
Government grant income	165,460	-	165,460	-
Honoraria	250	-	250	4,246
Investment Income	524	-	524	4,756
	<u>4,331,988</u>	<u>-</u>	<u>4,331,988</u>	<u>2,287,243</u>
Net assets released from restrictions	48,915	(48,915)	-	-
Total Support and Revenue	<u>4,380,903</u>	<u>(48,915)</u>	<u>4,331,988</u>	<u>2,287,243</u>
Expenses				
Program Services:	<u>1,902,671</u>	<u>-</u>	<u>1,902,671</u>	<u>1,519,737</u>
Supporting Services:				
Management and general	216,415	-	216,415	226,855
Fundraising	60,531	-	60,531	61,991
Total Expenses	<u>2,179,617</u>	<u>-</u>	<u>2,179,617</u>	<u>1,808,583</u>
Change in Net Assets	<u>2,201,286</u>	<u>(48,915)</u>	<u>2,152,371</u>	<u>478,660</u>
Beginning Net Assets				
As previously reported	4,278,544	48,915	4,327,459	3,658,811
Prior Period Adjustment – Correction of Accounting Error	<u>(189,988)</u>	<u>-</u>	<u>(189,988)</u>	<u>-</u>
Adjusted	4,088,556	48,915	4,137,471	3,658,811
Ending Net Assets	<u>\$ 6,289,842</u>	<u>\$ -</u>	<u>\$ 6,289,842</u>	<u>\$ 4,137,471</u>

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

New Harvest, Inc.
(a Not - for - Profit Corporation)
Statement of Functional Expenses
Year Ended December 31, 2021

(With Summarized Financial Information for 2020)

	Program Services	Supporting Services				
		General and Administrative			Fund- Raising	Total 2021
						Total 2020
Salaries and wages	\$ 386,364	\$ 130,682	\$ 51,136	\$	568,182	\$ 593,192
Payroll taxes and employee benefits	62,721	21,214	8,301		92,236	70,723
Research grants	992,553	-	-		992,553	717,942
Operating grants	366,290	-	-		366,290	189,988
Contract services	60,040	8,971	-		69,011	149,625
Professional fees	-	25,836	-		25,836	15,065
Website maintenance	-	19,042	-		19,042	25,846
Office and other expenses	9,500	3,393	679		13,572	4,480
Taxes and licensing	8,531	2,133	-		10,664	-
Banking and finance fees	-	4,208	-		4,208	2,153
Occupancy	5,873	-	-		5,873	25,263
Other program expense	4,001	-	-		4,001	-
Insurance	2,961	740	-		3,701	6,394
Travel	2,979	69	415		3,463	6,259
Meals	481	66	-		547	1,034
Subscriptions and books	377	61	-		438	620
Total Expenses	\$ 1,902,671	\$ 216,415	\$ 60,531	\$	2,179,617	\$ 1,808,583

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

New Harvest, Inc.
(a Not - for - Profit Corporation)
Statement of Cash Flows
Years Ended December 31, 2021
(With Summarized Financial Information for 2020)

Cash Flows from Operating Activities	<u>2021</u>	<u>2020</u>
Change in Net Assets	\$ 2,152,371	\$ 478,660
Adjustment to reconcile changes in net assets to net cash provided by operating activities:		
Unrealized gain on investments	(1,822,000)	(671,000)
(Increase) decrease in operating assets:		
Grants receivable	-	35,703
Paypal receivable	(3,545)	(6,864)
Security Deposit	-	4,800
Increase (decrease) in operating liabilities:		
Accounts payable	2,380	(4,301)
Advance on conditional contribution - Payroll Protection Plan	(55,430)	55,430
Net cash provided by operating activities	<u>273,776</u>	<u>(107,572)</u>
Increase in Cash	273,776	(107,572)
Beginning Cash	1,461,507	1,569,079
Ending Cash	<u>\$ 1,735,283</u>	<u>\$ 1,461,507</u>

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

New Harvest, Inc.
(a Not - for - Profit Corporation)
Notes to Financial Statements
December 31, 2021

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

Nature of Activities

New Harvest, Inc. (a Not - for - Profit Corporation) (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. (a Not - for - Profit Corporation) 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: Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the organization. These net assets may be used at the discretion of the Organization's management and the board of directors. 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: Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization or by the passage of time. Other donor restrictions are perpetual in nature, where by the donor has stipulated the funds be maintained in perpetuity.

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. Recoverability of investments is dependent upon the performance of the issuer.

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.

New Harvest, Inc.
(a Not - for - Profit Corporation)
Notes to Financial Statements
December 31, 2021

Note 1 - (Continued)

Revenue Recognition

Contribution and Grant Revenue

Contribution and grant revenue is recognized when the donor makes a promise to give to the Organization that is in substance, unconditional. Contribution and grants 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 contribution and grant revenue is 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 from Contracts with Customers

Revenue is recognized when control of the promised goods or services is transferred to our customers, in an amount that reflects the consideration the Organization expects to be entitled to in exchange for those goods or services. Revenue from contracts with customers is disaggregated between Conference Tickets and Conference Sponsorships on the statement of activities.

The Organization receives honoraria from performance obligations are satisfied and the related revenue is recognized upon completion and delivery of the contract specified Conference services.

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.

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

Approximately 33% of the Organization's support and revenue was from one contributor for the year ended December 31, 2021.

New Harvest, Inc.
(a Not - for - Profit Corporation)
Notes to Financial Statements
December 31, 2021

Note 1 - (Continued)

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, 2021, there was no interest and penalties expense recorded and no accrued interest and penalties.

Fair Value Measurements and Disclosures

Carrying values of financial instruments, including cash and cash equivalents, prepaid expenses, and accrued expenses, approximated their fair values due to the short term nature of these financial instruments. There were no changes in methods or assumptions during the year ending December 31, 2021.

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 May 19, 2022, the date the financial statements were available to be issued.

COVID-19

In March 2020, the United States declared the global pandemic novel coronavirus COVID-19 outbreak a national emergency. The organization has continued its activities during this time. Management continues to monitor the potential impact of the outbreak on its operation, but believes it has sufficient liquidity and income to maintain operations and activities during this time.

Note 2 –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	\$ 1,735,283
Paypal receivable	22,185
Investments in securities	<u>4,547,000</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 6,304,468</u>

New Harvest, Inc.
(a Not - for - Profit Corporation)
Notes to Financial Statements
December 31, 2021

Note 3 – Commitment

New Harvest Inc. (a Not - for - Profit Corporation) rents space on a month to month basis. Rent and utilities expense for the year ended December 31, 2021 was \$5,873.

Note 4 – Net Assets With Donor Restrictions

Net assets with donor restrictions by revenue source and changes therein for the year ended December 31, 2021, were as follows:

	<u>Balance</u> <u>December 31,</u> <u>2020</u>	<u>Additions</u>	<u>Released</u> <u>From</u> <u>Restrictions</u>	<u>Balance</u> <u>December 31,</u> <u>2021</u>
<u>Restricted as to purpose:</u>				
Evaluating Serum Replacement For Clean Meat	\$ 15,857	\$ -	\$ 15,857	\$ -
To develop Serum free growth	13,862	-	13,862	-
InVivo	19,196	-	19,196	-
	<u>\$ 48,915</u>	<u>\$ -</u>	<u>\$ 48,915</u>	<u>\$ -</u>

Note 5 – Investments in Securities

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, 2021, the Organization's investments consist of investments in two privately held companies. Accordingly, the full value has been shown on the statement of activities as unrealized gain on investments for the year ended December 31, 2021.

As of December 31, 2021, the Organization's investments consist of the following:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Privately held securities	<u>\$ -</u>	<u>\$ -</u>	<u>\$4,547,000</u>	<u>\$4,547,000</u>

See independent auditor's report.

New Harvest, Inc.
(a Not - for - Profit Corporation)
Notes to Financial Statements
December 31, 2021

Note 6 – Prior Period Adjustment – Correction of Accounting Error

The 2020 financial statement erroneously consolidated the financial statements of another organization. This resulted in the overstatement of cash and net assets in the amount of \$189,988. Grant expense was understated by this amount. The summarized comparative information presented in these financial statements has, therefore, been restated.

Note 7 - Related Party Transaction

During the year operating grant totaling \$366,290 were made to an organization, the majority of whose directors are on the board of directors of New Harvest, Inc. (a Not - for - Profit Corporation).