

New Harvest, Inc.
(a Not-for-Profit Corporation)
Financial Statements
December 31, 2022

New Harvest, Inc.
(a Not-for-Profit Corporation)
Financial Statements
December 31, 2022

Index

Independent Auditor's Report	1 - 2
Financial Statements	
Statement Financial Position	3
Statement of Activities	4
Statement of Functional Expenses	5
Statement of Cash Flows	6
Notes to Financial Statements	7 - 10

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, 2022, 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, 2022, 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 absolute 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 2021 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated May 19, 2022. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2021, is consistent, in all material respects, with the audited financial statements from which it has been derived.

August 21, 2023



CPA PLLC

New Harvest, Inc.
(a Not-for-Profit Corporation)
Statement of Financial Position
December 31, 2022
(With Summarized Financial Information for 2021)

	<u>2022</u>	<u>2021</u>
Assets		
Current Assets		
Cash	\$ 1,897,410	\$ 1,757,468
Pledges receivable	10,000	-
Refund receivable	25,715	-
Total Current Assets	<u>1,933,125</u>	<u>1,757,468</u>
Other Assets		
Investments in securities	6,509,000	4,547,000
Security deposit	468	468
Total Other Assets	<u>6,509,468</u>	<u>4,547,468</u>
Total Assets	<u>\$ 8,442,593</u>	<u>\$ 6,304,936</u>
Liabilities and Net Assets		
Current Liabilities		
Accounts payable	\$ 37,650	\$ 15,094
Total Current Liabilities	<u>37,650</u>	<u>15,094</u>
Total Liabilities	<u>37,650</u>	<u>15,094</u>
Net Assets		
Without donor restrictions	<u>8,404,943</u>	<u>6,289,842</u>
Total Net Assets	<u>8,404,943</u>	<u>6,289,842</u>
Total Liabilities and Net Assets	<u>\$ 8,442,593</u>	<u>\$ 6,304,936</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, 2022
(With Summarized Financial Information for 2021)

	Without Donor Restrictions <u>2022</u>	Without Donor Restrictions <u>2021</u>
Support and Revenue		
Contributions	\$ 1,841,046	\$ 2,343,754
Unrealized gains on investments in securities	2,234,000	1,822,000
Realized loss on investments in securities	(32,000)	-
Conference sponsorship income	138,461	-
Government grant income	-	165,460
Honoraria	-	250
Investment Income	23,254	524
Total Support and Revenue	<u>4,204,761</u>	<u>4,331,988</u>
Expenses		
Program Services:	<u>1,809,409</u>	<u>1,902,671</u>
Supporting Services:		
Management and general	229,300	216,415
Fundraising	50,951	60,531
Total supporting services	<u>280,251</u>	<u>276,946</u>
Total Expenses	<u>2,089,660</u>	<u>2,179,617</u>
Change in Net Assets	2,115,101	2,152,371
Net Assets, Beginning of Year	6,289,842	4,137,471
Net Assets, End of Year	<u><u>\$ 8,404,943</u></u>	<u><u>\$ 6,289,842</u></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, 2022
(With Summarized Financial Information for 2021)

	Program Services	Supporting Services							
			General and Administrative	Fund- Raising	Total 2022	Total 2021			
Salaries and wages	\$ 296,456	\$	100,272	\$ 39,237	\$ 435,965	\$ 568,182			
Payroll taxes and employee benefits	42,758		14,462	5,659	62,879	92,236			
Research grants	775,670		-	-	775,670	992,553			
Operating grants	367,825		-	-	367,825	366,290			
Contract services	206,407		36,425	-	242,832	69,011			
Travel	37,388		869	5,218	43,475	3,463			
Meals	33,042		4,506	-	37,548	547			
Professional fees	-		37,150	-	37,150	25,836			
Equipment rental	27,322		-	-	27,322	-			
Website maintenance	-		25,213	-	25,213	19,042			
Office and other expenses	11,719		4,186	837	16,742	14,010			
Taxes and licensing	6,330		1,582	-	7,912	10,664			
Occupancy	4,492		-	-	4,492	5,873			
Insurance	-		2,490	-	2,490	3,701			
Banking and finance fees	-		2,145	-	2,145	4,208			
Other program expense	-		-	-	-	4,001			
Total Expenses	\$ 1,809,409	\$	229,300	\$ 50,951	\$ 2,089,660	\$ 2,179,617			

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, 2022
(With Summarized Financial Information for 2021)

Cash Flows from Operating Activities	<u>2022</u>	<u>2021</u>
Change in Net Assets	\$ 2,115,101	\$ 2,152,371
Adjustment to reconcile changes in net assets to net cash provided by operating activities:		
Realized and unrealized gains on investments	(2,202,000)	(1,822,000)
Increase in operating assets		
Pledges receivable	(10,000)	-
Refund receivable	(25,715)	-
Increase (decrease) in operating liabilities:		
Accounts payable	22,556	2,380
Advance on conditional contribution - Payroll Protection Plan	-	(55,430)
Net cash provided by (used in) operating activities	<u>(100,058)</u>	<u>277,321</u>
 Cash Flows from Investing Activities		
Proceeds from sale of investments	<u>240,000</u>	<u>-</u>
	240,000	-
 Increase in Cash	139,942	277,321
 Cash, Beginning of Year	1,757,468	1,480,147
 Cash, End of Year	<u><u>\$ 1,897,410</u></u>	<u><u>\$ 1,757,468</u></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, 2022

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. The Organization 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.

New Harvest, Inc.
(a Not-for-Profit Corporation)
Notes to Financial Statements
December 31, 2022

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.

Pledges Receivable

Pledges 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. On December 31, 2022, the allowance for doubtful accounts was \$0.

Pledges receivable are expected to be collected 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.

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 30% of the Organization's support and revenue was from one contributor for the year ended December 31, 2022.

New Harvest, Inc.
(a Not-for-Profit Corporation)
Notes to Financial Statements
December 31, 2022

Note 1 - (Continued)

Fair Value Measurements and Disclosures

Carrying values of financial instruments, including cash, security deposit and accounts payable, 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, 2022.

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, 2022, there was no interest and penalties expense recorded and no accrued interest and penalties.

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 August 21, 2023, the date the financial statements were available to be issued.

Gifts In-Kind - Services

Unpaid volunteers contribute their time to the Organization. The value of that time is not included in these statements as those services did not meet the requirements of GAAP for recognition and no cash was expended for those services.

Accounting Pronouncements Adopted in the Current Year

Gifts In-Kind

In September 2020, the Financial Accounting Standards Board ("FASB") issued ASU 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets* (Topic 958), which is effective for fiscal years beginning after June 15, 2021, with early adoption permitted, and is intended to improve transparency in the reporting of contributed nonfinancial assets, also known as gifts in-kind, for not-for-profit organizations. The ASU requires a not-for-profit organization to present contributed nonfinancial assets as a separate line item in the statement of activities, apart from contributions of cash or other financial assets, along with expanded disclosure requirements. The Organization adopted and implemented this pronouncement on January 1, 2022 using the prospective method of application. The adoption of ASU 2020-07 resulted in no material changes to the Organization's financial statements.

Recent Accounting Pronouncements Issued Not Yet Effective

Leases

In February 2016, the FASB issued the accounting Standards Update ("ASU") 2016-02, *Leases* (Topic 842), which requires the recognition of a "right of use" assets and a lease liability, initially measured at the present value of the lease payments, on all of the Organization's lease obligations. This ASU is effective for fiscal years beginning after December 15, 2021. Management does not expect this ASU to have a significant impact on the Organization's financial statements.

New Harvest, Inc.
(a Not-for-Profit Corporation)
Notes to Financial Statements
December 31, 2022

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 and program activities that are timed according to expected requirements.

The following reflects the Organization's financial assets available for general expenditures, that is without donor or other restrictions limiting their use, within one year comprise the following as of the balance sheet date:

Cash	\$ 1,897,410
Pledges receivable	10,000
Refund receivable	25,715
Investments in securities	<u>6,509,000</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 8,442,125</u>

Note 3 - Commitment

The Organization rents space on a month to month basis. Rent and utilities expense for the year ended December 31, 2022 was \$4,492.

Note 4 - Related Party Transaction

During the year operating grants totaling \$367,825 were made to New Harvest Canada, Inc., the majority of whose directors at the time were on the board of directors of the Organization.

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, 2022, 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, 2022.

As of December 31, 2022, 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>\$6,509,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$6,509,000</u>