

**THE NEW FOOD ECONOMY
(DBA THE COUNTER)
FINANCIAL STATEMENTS
PERIOD FROM MAY 21, 2019 (INCEPTION)
TO SEPTEMBER 30, 2019**

**THE NEW FOOD ECONOMY INC. (DBA THE COUNTER)
FOR THE PERIOD FROM MAY 21, 2019 (INCEPTION) TO SEPTEMBER 30, 2019**

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
The New Food Economy Inc. (DBA The Counter)

We have audited the accompanying financial statements of The New Food Economy Inc. (DBA The Counter), which comprise the statement of financial position as of September 30, 2019, and the related statements of activities, functional expenses and cash flows for the period from May 21, 2019 (inception) to September 30, 2019, 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 The New Food Economy Inc. (DBA The Counter) as of September 30, 2019, and the changes in its net assets and its cash flows for the period from May 21, 2019 (inception) to September 30, 2019, in accordance with accounting principles generally accepted in the United States of America.



CERTIFIED PUBLIC ACCOUNTANTS

New York, New York
April 10, 2020

THE NEW FOOD ECONOMY INC. (DBA THE COUNTER)
STATEMENT OF FINANCIAL POSITION
SEPTEMBER 30, 2019

ASSETS

Cash	\$ 1,037,070
Contributions receivable - related party	<u>500,000</u>
TOTAL ASSETS	<u>\$ 1,537,070</u>

LIABILITIES AND NET ASSETS

Liabilities:	
Accounts payable and accrued expenses	\$ <u>8,681</u>
Commitments and contingencies (Notes 6 and 7)	
Net assets:	
Without donor restrictions	1,028,389
With donor restrictions	<u>500,000</u>
Total net assets	<u>1,528,389</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 1,537,070</u>

See accompanying notes to financial statements.

THE NEW FOOD ECONOMY INC. (DBA THE COUNTER)
STATEMENT OF ACTIVITIES
FOR THE PERIOD FROM MAY 21, 2019 (INCEPTION)
TO SEPTEMBER 30, 2019

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue and support:			
Contributions	\$ 90,000	\$ 1,500,000	\$ 1,590,000
Net assets released from restriction	<u>1,000,000</u>	<u>(1,000,000)</u>	<u>-</u>
Total revenue and support	<u>1,090,000</u>	<u>500,000</u>	<u>1,590,000</u>
Expenses:			
Program services	<u>43,551</u>	<u>-</u>	<u>43,551</u>
Supporting service expense:			
Management and general	14,748	-	14,748
Fundraising	<u>3,312</u>	<u>-</u>	<u>3,312</u>
Total supporting service expense	<u>18,060</u>	<u>-</u>	<u>18,060</u>
Total expenses	<u>61,611</u>	<u>-</u>	<u>61,611</u>
Change in net assets	<u>1,028,389</u>	<u>500,000</u>	<u>1,528,389</u>
Net assets - beginning	<u>-</u>	<u>-</u>	<u>-</u>
NET ASSETS - ENDING	<u><u>\$ 1,028,389</u></u>	<u><u>\$ 500,000</u></u>	<u><u>\$ 1,528,389</u></u>

See accompanying notes to financial statements.

THE NEW FOOD ECONOMY INC. (DBA THE COUNTER)
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE PERIOD FROM MAY 21, 2019 (INCEPTION)
TO SEPTEMBER 30, 2019

	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Salaries and wages	\$ 33,389	\$ 11,307	\$ 2,539	\$ 47,235
Payroll taxes, employee benefits and other expenses	<u>10,162</u>	<u>3,441</u>	<u>773</u>	<u>14,376</u>
TOTAL EXPENSES	<u>\$ 43,551</u>	<u>\$ 14,748</u>	<u>\$ 3,312</u>	<u>\$ 61,611</u>

See accompanying notes to financial statements.

THE NEW FOOD ECONOMY INC. (DBA THE COUNTER)
STATEMENT OF CASH FLOWS
FOR THE PERIOD FROM MAY 21, 2019 (INCEPTION)
TO SEPTEMBER 30, 2019

Cash flows from operating activities:	
Change in net assets	\$ 1,528,389
Changes in assets and liabilities:	
Contributions receivable - related party	(500,000)
Accounts payable and accrued expenses	<u>8,681</u>
Net cash provided by operating activities	<u>1,037,070</u>
Net increase in cash	1,037,070
Cash - beginning	<u>-</u>
CASH - ENDING	<u><u>\$ 1,037,070</u></u>

See accompanying notes to financial statements.

THE NEW FOOD ECONOMY INC. (DBA THE COUNTER)
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019

NOTE 1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

The New Food Economy Inc. ("The Counter" or "Organization") was incorporated as a not-for-profit organization in the State of New York in May 2019. The Counter is the successor to what was organized in 2017 as a special project within the Windward Fund, also a not-for-profit organization. Effective November 1, 2019, the relationship with the Windward Fund was formally terminated.

The Counter is a non-profit, independent, nonpartisan newsroom. The Counter publishes unbiased reporting on the forces shaping how and what America eats, going beyond the gustatory, delving into the money, power, and politics behind our plates.

Basis of Preparation

The financial statements of the Organization have been prepared in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP"), which require the Organization to report information regarding its financial position and activities according to the following net assets classifications:

Net Assets Without Donor Restrictions - Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions.

Net Assets With Donor Restrictions - Net assets subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity.

Revenue Recognition

The Organization adopted Accounting Standards Update ("ASU") No. 2018-08, *Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made* ("ASU 2018-08"), which provides guidance for determining whether a transaction should be accounted for as a contribution or an exchange transaction, and whether a contribution is conditional or unconditional.

Revenue is reported as increases in net assets without donor restrictions unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in net assets without donor restrictions. Gains and losses on assets or liabilities are reported as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulations or by law. Expirations of net assets with donor restrictions (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as net assets released from donor restrictions.

THE NEW FOOD ECONOMY INC. (DBA THE COUNTER)
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019

NOTE 1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue Recognition (Continued)

Contributions of cash and other assets are presented as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

Contributions, including unconditional promises or pledges to give cash or donate securities and other assets, are reported at fair value on the date received. Contributions receivable are reported at their discounted present value and an allowance for amounts estimated to be uncollectible is applied. Conditional promises to give are not recognized as revenue until they become unconditional, that is when conditions on which they depend are substantially met.

Contributions Receivable - Related Party

Contributions receivable - related party are stated at the amount management expects to collect from outstanding balances. Contributions receivable are due in less than one year; therefore, no discount to present value is required.

Management evaluates such receivables and establishes an allowance for doubtful accounts based on a history of write-offs and collections and current credit conditions.

The Organization has determined that all receivables are fully collectible; accordingly, no allowance for doubtful accounts is required. If amounts become uncollectible, they will be charged to expense when that determination is made.

Donated Services and In-Kind Contributions

Volunteers contribute significant amounts of time to the Organization's program services, administration, and fundraising and development activities; however, the financial statements do not reflect the value of these contributed services because they do not meet recognition criteria prescribed by generally accepted accounting principles. Contributed goods are recorded at fair value at the date of donation.

The Organization records donated professional services at the respective fair values of the services received. No significant contributions of such goods or services were received during the period from May 21, 2019 (inception) to September 30, 2019.

Functional Allocation of Expenses

The costs of providing the various programs and supporting services have been summarized on a functional basis in the accompanying statement of functional expenses. Accordingly, certain costs have been allocated among the program and supporting services in reasonable amounts and ratios determined by management. Costs incurred by The Counter are allocated to programs and supporting services benefited based on time and effort.

THE NEW FOOD ECONOMY INC. (DBA THE COUNTER)
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019

NOTE 1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Recently Adopted Accounting Pronouncement

In June 2018, the Financial Accounting Standards Board ("FASB") issued ASU No. 2018-08, *Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made* ("ASU 2018-08"), which provides guidance for determining whether a transaction should be accounted for as a contribution or an exchange transaction, and whether a contribution is conditional or unconditional. This ASU is effective for years beginning after December 15, 2018. The Organization adopted ASU 2018-08 effective May 21, 2019 (inception), using the modified prospective method. Under the modified prospective method, the amendments are applied to agreements that are either not completed as of the effective date or entered into after the effective date. The Organization has determined that the application of the amendments of ASU 2018-08 did not have a material impact on the Organization's financial statements and related disclosures.

Recently Issued but not yet Effective Accounting Pronouncements

Leases

Effective for the year ending September 30, 2021, the Organization will adopt the provisions of FASB ASU No. 2016-02, *Leases* ("ASU 2016-02"), which will replace the current guidance pertaining to the Organization's lease obligations. The effect of adopting ASU 2016-02 on the Organization's financial statements and related disclosures has not yet been determined.

Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP requires 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 financial statements, and the reported amounts of revenues and expenses during the reporting periods. Actual results could differ from those estimates.

Income Taxes and Uncertain Tax Positions

The Organization has been recognized by the Internal Revenue Service ("IRS") as exempt from federal income taxes under Internal Revenue Code ("IRC") Section 501(a) as organizations described in IRC Section 501(c)(3). The Organization recognizes and measures its unrecognized tax benefits in accordance with FASB Accounting Standards Codification ("ASC") 740, *Income Taxes*. Under that guidance, the Organization assesses the likelihood, based on their technical merit, that tax positions will be sustained upon examination based on the facts, circumstances and information available at the end of each period. The measurement of unrecognized tax benefits is adjusted when new information is available or when an event occurs that requires a change.

Management has evaluated the Organization's tax positions and believes that the Organization has no uncertain tax positions that would require adjustments to the financial statements.

THE NEW FOOD ECONOMY INC. (DBA THE COUNTER)
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019

NOTE 1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial Instruments and Credit Risk

The Organization manages deposit concentration risk by placing cash with financial institutions believed by us to be creditworthy. At times, amounts on deposit may exceed insured limits or include uninsured investments in money market mutual funds.

Subsequent Events

In accordance with FASB ASC 855, *Subsequent Events*, Management has evaluated subsequent events through April 10, 2020, the date on which these financial statements were available to be issued. Except as disclosed in Note 7, management is not aware of any material events that required recognition or additional disclosure in these financial statements.

NOTE 2. LIQUIDITY AND AVAILABILITY

The Counter receives contributions with and without donor restrictions. Contributions received with donor restrictions are to be used in accordance with the associated purpose and/or time restrictions. Typically, combined support with and without donor restrictions represents 100% of annual program funding needs. The Counter considers contributions without donor restrictions and contributions with donor restrictions for use in current programs which are ongoing, major, and central to its annual operations to be available to meet cash needs for general expenditures. General expenditures include management and general expenses, fundraising expenses and program expenses expected to be paid in the subsequent year. Annual operations are defined as activities occurring during the Organization's fiscal year.

The table below represents the Organization's financial assets as of September 30, 2019, reduced by amounts which are not available to meet general expenditures within one year of the financial position date because of certain time restrictions.

Financial assets at September 30, 2019:	
Cash	\$ 1,037,070
Contributions receivable - related party	<u>500,000</u>
Total financial assets at September 30, 2019	1,537,070
Less amounts not available for use within one year:	
Net assets with donor restrictions	<u>500,000</u>
Financial assets available to meet general expenditures within one year	\$ <u><u>1,037,070</u></u>

THE NEW FOOD ECONOMY INC. (DBA THE COUNTER)
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019

NOTE 3. RELATED-PARTY TRANSACTIONS

For the period from May 21, 2019 (inception) to September 30, 2019, The Counter received contributions in the amount of \$1,500,000 from an individual who is on the board of directors.

The Institute for the New Food Economy Inc., a for-profit corporation, was the project manager of the special project with the Windward Fund. In anticipation of the termination of the special project, The Institute for the New Food Economy Inc. contributed \$90,000 to The Counter.

NOTE 4. CONCENTRATIONS OF CREDIT RISK

Financial instruments that potentially subject the Organization to concentration of credit risk consist of cash and cash equivalents. The Organization places cash with high credit quality financial institutions, which are insured by the Federal Deposit Insurance Corporation up to \$250,000. Cash at September 30, 2019, exceeded federally insured limits by \$787,070. The Organization believes it is not exposed to any significant credit risk regarding its cash and cash equivalents.

Contributions comprising approximately 94% of revenue and support were provided by the same individual mentioned in Note 3.

100% of the Organization's total contribution receivable was from the same individual mentioned in Note 3.

NOTE 5. NET ASSETS WITH DONOR RESTRICTION

As of December 31, 2019, the Organization's net assets with donor restrictions are restricted for the following period:

Subject to passage of time	\$ <u>500,000</u>
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NOTE 6. COMMITMENTS AND CONTINGENCIES

Operating Leases

Effective with the termination of the relationship with the Windward Fund, The Counter assumed the lease obligations for its office space. Future minimum lease payments for The Counter's office space under an operating lease with a remaining term of more than one year at September 30, 2019, consisted of the following:

<u>Year ending September 30:</u>	<u>Amount</u>
2020	\$ 68,356
2021	<u>37,290</u>
Total	<u>\$ 105,646</u>

There was no rent expense for the period from May 21, 2019 (inception) to September 30, 2019.

THE NEW FOOD ECONOMY INC. (DBA THE COUNTER)
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019

NOTE 7. SUBSEQUENT EVENTS

The Windward Fund

Effective November 1, 2019, the New Food Economy Special Project with the Windward Fund was terminated. In accordance with the project sponsorship separation agreement, the net assets of the Special Project were distributed to The New Food Economy Inc. The net assets distributed included cash in the amount of \$78,658, and the right title and interest in copyrights, trademarks, and trade dress relating to the Organization, including website content and archives, for which no cost has been assigned.

The Institute for the New Food Economy, Inc.

The Institute for the New Food Economy Inc. ("The Institute"), a for-profit corporation, was the project manager of the special project with the Windward Fund. Upon the termination of the special project, and effective with the execution of the project sponsorship separation agreement with the Windward Fund, The Institute agreed to transfer \$305,000 to The Counter in satisfaction of The Institute's obligations under the project management statement of work with the Windward Fund.

Public Health Emergency of International Concern

During the 2020 calendar year, the World Health Organization has declared COVID-19 to constitute a "Public Health Emergency of International Concern." Disruptions to business operations could occur as a result from quarantines of employees, customers and suppliers in areas affected by the outbreak. Further, economic uncertainties have arisen which are likely to negatively impact support and revenue. Given the uncertainty of the situation, the duration of the business disruption and related financial impact cannot be reasonably estimated at this time. No adjustments or provisions were made in these financial statements related to COVID-19.