

**THE NEW FOOD ECONOMY
(DBA THE COUNTER)
FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2020 AND
PERIOD FROM MAY 21, 2019 (INCEPTION)
TO SEPTEMBER 30, 2019**

**THE NEW FOOD ECONOMY INC. (DBA THE COUNTER)
FOR THE YEAR ENDED SEPTEMBER 30, 2020 AND 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 statements of financial position as of September 30, 2020 and 2019 and the related statements of activities, functional expenses and cash flows for the year ended September 30, 2020, and 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 audits. We conducted our audits 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, 2020 and 2019, and the changes in its net assets and its cash flows for the year ended September 30, 2020, and 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
January 11, 2021

THE NEW FOOD ECONOMY INC. (DBA THE COUNTER)
STATEMENTS OF FINANCIAL POSITION
SEPTEMBER 30, 2020 AND 2019

| | <u>2020</u> | <u>2019</u> |
|--|----------------------------|----------------------------|
| <u>ASSETS</u> | | |
| Cash | \$ 455,483 | \$ 1,037,070 |
| Contributions receivable - related party, net | 5,985,421 | 500,000 |
| Security deposits | 18,875 | - |
| Property and equipment, net | <u>50,090</u> | <u>-</u> |
| TOTAL ASSETS | <u>\$ 6,509,869</u> | <u>\$ 1,537,070</u> |
| <u>LIABILITIES AND NET ASSETS</u> | | |
| Liabilities: | | |
| Accounts payable and accrued expenses | \$ 47,891 | \$ 8,681 |
| Refundable advance | <u>181,500</u> | <u>-</u> |
| Total liabilities | <u>229,391</u> | <u>8,681</u> |
| Commitments and contingencies (Notes 6, 7, 9 and 10) | | |
| Net assets: | | |
| Without donor restrictions | 2,205,478 | 1,028,389 |
| With donor restrictions | <u>4,075,000</u> | <u>500,000</u> |
| Total net assets | <u>6,280,478</u> | <u>1,528,389</u> |
| TOTAL LIABILITIES AND NET ASSETS | <u>\$ 6,509,869</u> | <u>\$ 1,537,070</u> |

See accompanying notes to financial statements.

THE NEW FOOD ECONOMY INC. (DBA THE COUNTER)
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2020

| | Without Donor Restrictions | With Donor Restrictions | Total |
|--------------------------------------|----------------------------------|----------------------------|----------------------------|
| Revenue and support: | | | |
| Contributions | \$ 2,480,915 | \$ 4,075,000 | \$ 6,555,915 |
| Interest income | 7,298 | - | 7,298 |
| Net assets released from restriction | <u>500,000</u> | <u>(500,000)</u> | <u>-</u> |
| Total revenue and support | <u>2,988,213</u> | <u>3,575,000</u> | <u>6,563,213</u> |
| Expenses: | | | |
| Program services | <u>1,093,479</u> | <u>-</u> | <u>1,093,479</u> |
| Supporting service expense: | | | |
| Management and general | 634,783 | - | 634,783 |
| Fundraising | <u>82,862</u> | <u>-</u> | <u>82,862</u> |
| Total supporting service expense | <u>717,645</u> | <u>-</u> | <u>717,645</u> |
| Total expenses | <u>1,811,124</u> | <u>-</u> | <u>1,811,124</u> |
| Change in net assets | 1,177,089 | 3,575,000 | 4,752,089 |
| Net assets - beginning of year | <u>1,028,389</u> | <u>500,000</u> | <u>1,528,389</u> |
| NET ASSETS - END OF YEAR | <u>\$ 2,205,478</u> | <u>\$ 4,075,000</u> | <u>\$ 6,280,478</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 | 1,028,389 | 500,000 | 1,528,389 |
| Net assets - beginning of period | <u>-</u> | <u>-</u> | <u>-</u> |
| NET ASSETS - END OF PERIOD | <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 YEAR ENDED SEPTEMBER 30, 2020**

| | Program Services | Management and General | Fundraising | Total |
|--|----------------------------|---------------------------|-------------------------|----------------------------|
| Salaries and wages | \$ 800,899 | \$ 336,875 | \$ 45,026 | \$ 1,182,800 |
| Payroll taxes and other employee benefits | 75,215 | 30,970 | 4,424 | 110,609 |
| Editorial expenses | 122,889 | 32,056 | - | 154,945 |
| Office and administration | 23,028 | 110,608 | - | 133,636 |
| Professional fees | - | 59,689 | 27,899 | 87,588 |
| Occupancy and utilities | 47,086 | 19,800 | 2,647 | 69,533 |
| Insurance | 24,362 | 8,598 | 2,866 | 35,826 |
| Depreciation and amortization | - | 26,875 | - | 26,875 |
| Registration fees | - | 5,284 | - | 5,284 |
| Travel | - | 4,028 | - | 4,028 |
| TOTAL FUNCTIONAL EXPENSES | <u>\$ 1,093,479</u> | <u>\$ 634,783</u> | <u>\$ 82,862</u> | <u>\$ 1,811,124</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 FUNCTIONAL 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)
STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED SEPTEMBER 30, 2020 AND FOR
THE PERIOD FROM MAY 21, 2019 (INCEPTION) TO SEPTEMBER 30, 2019

| | <u>2020</u> | <u>2019</u> |
|---|--------------------------|----------------------------|
| Cash flows from operating activities: | | |
| Change in net assets | \$ 4,752,089 | \$ 1,528,389 |
| Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities: | | |
| Amortization of discount on contributions receivable | 14,579 | - |
| Depreciation and amortization | 12,296 | - |
| Changes in assets and liabilities: | | |
| Cash held in security deposits | (18,875) | - |
| Contributions receivable - related party | (5,500,000) | (500,000) |
| Accounts payable and accrued expenses | 39,210 | 8,681 |
| Refundable advance | <u>181,500</u> | <u>-</u> |
| Net cash provided by (used in) operating activities | (519,201) | 1,037,070 |
| Cash used in investing activities: | | |
| Acquisition of property and equipment | <u>(62,386)</u> | <u>-</u> |
| Net increase (decrease) in cash | (581,587) | 1,037,070 |
| Cash - beginning | <u>1,037,070</u> | <u>-</u> |
| CASH - ENDING | <u>\$ 455,483</u> | <u>\$ 1,037,070</u> |

See accompanying notes to financial statements.

THE NEW FOOD ECONOMY INC. (DBA THE COUNTER)
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020 AND 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

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.

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.

THE NEW FOOD ECONOMY INC. (DBA THE COUNTER)
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020 AND 2019

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

Revenue Recognition (Continued)

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

The Organization records unconditional promises to give that are expected to be collected within one year at net realizable value. Unconditional promises to give expected to be collected in future years are initially recorded at fair value using present value techniques incorporating risk-adjusted discount rates designed to reflect the assumptions market participants would use in pricing the asset. In subsequent years, amortization of the discounts is included in contribution revenue in the statements of activities.

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.

Property and Equipment

The Organization records property and equipment additions over \$1,500 at cost, or if donated, at fair value on the date of donation. Depreciation and amortization are computed using the straight-line method over the estimated useful lives of the assets ranging from three to 30 years, or in the case of capitalized leased assets or leasehold improvements, the lesser of the useful life of the asset or the lease term. When assets are sold or otherwise disposed of, the cost and related depreciation or amortization are removed from the accounts, and any resulting gain or loss is included in the statements of activities. Costs of maintenance and repairs that do not improve or extend the useful lives of the respective assets are expensed currently.

The Organization reviews the carrying values of property and equipment for impairment whenever events or circumstances indicate that the carrying value of an asset may not be recoverable from the estimated future cash flows expected to result from its use and eventual disposition. When considered impaired, an impairment loss is recognized to the extent carrying value exceeds the fair value of the asset. At September 30, 2020, management has determined that long-lived assets are not impaired.

THE NEW FOOD ECONOMY INC. (DBA THE COUNTER)
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020 AND 2019

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

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 U.S. GAAP. 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 year ended September 30, 2020, or for 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 statements 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.

Recently Issued but not yet Effective Accounting Pronouncements

Leases - Effective October 1, 2021, the Organization will adopt the provisions of Financial Accounting Standards Board ("FASB") Accounting Standards Update ("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. In June 2020, FASB issued ASU 2020-05, which defers the effective date for one year for certain entities that have not yet issued their financial statements (or made financial statements available for issuance) reflecting the adoption of ASU 2016-02. Those entities may elect to adopt the guidance for annual reporting periods beginning after December 15, 2021. Early adoption continues to be permitted, which means that an entity may choose to implement ASU 2016-02 before those deferred effective dates. The Organization has not yet elected to adopt ASU 2020-05 and is evaluating the effect that ASU 2020-05 will have on its financial statements and related disclosures.

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.

THE NEW FOOD ECONOMY INC. (DBA THE COUNTER)
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020 AND 2019

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

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.

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 January 11, 2021, the date on which these financial statements were available to be issued. Except as disclosed in Note 9, 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 NEW FOOD ECONOMY INC. (DBA THE COUNTER)
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020 AND 2019

NOTE 2. LIQUIDITY AND AVAILABILITY (CONTINUED)

The table below represents the Organization's financial assets as of September 30, 2020 and 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.

| | <u>2020</u> | <u>2019</u> |
|---|------------------|----------------|
| Financial assets at September 30: | | |
| Cash | \$ 455,483 | \$ 1,037,070 |
| Contributions receivable - related party | <u>2,000,000</u> | <u>500,000</u> |
| Total financial assets at September 30, 2020 | <u>2,000,000</u> | <u>500,000</u> |
| Less amounts not available for use within one year: | | |
| Net assets with donor restrictions | <u>2,000,000</u> | <u>500,000</u> |
| Financial assets available to meet general expenditures within one year | <u>\$ -</u> | <u>\$ -</u> |

NOTE 3. RELATED-PARTY TRANSACTIONS

For the year ended September 30, 2020, and for the period from May 21, 2019 (inception) to September 30, 2019, The Counter received contributions in the amount of \$6,000,000 and \$1,500,000, respectively, from an individual who is on the board of directors.

For the year ended September 30, 2020, and for the period from May 21, 2019 (inception) to September 30, 2019, The Institute for the New Food Economy Inc., a for-profit corporation, was the project manager of the special project with the Windward Fund. As a result of the termination of the special project, The Institute for the New Food Economy Inc. contributed \$215,000 and \$90,000 to The Counter, respectively.

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, 2020, and for the period from May 21, 2019 (inception) to September 30, 2019, exceeded federally insured limits by \$205,483 and \$787,070, respectively. The Organization believes it is not exposed to any significant credit risk regarding its cash and cash equivalents.

For the year ended September 30, 2020, and for the period from May 21, 2019 (inception) to September 30, 2019, contributions comprising approximately 91% and 94%, respectively, of revenue and support were provided by one individual (see Note 3).

For both the year ended September 30, 2020, and for the period from May 21, 2019 (inception) to September 30, 2019, 100% of the Organization's total contributions receivable was solely from one individual (see Note 3).

THE NEW FOOD ECONOMY INC. (DBA THE COUNTER)
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020 AND 2019

NOTE 5. CONTRIBUTIONS RECEIVABLE - RELATED PARTY, NET

Unconditional promises to give are estimated to be collected as follows at September 30:

| | <u>2020</u> | <u>2019</u> |
|--|---------------------|-------------------|
| Within one year | \$ 2,000,000 | \$ 500,000 |
| In one to five years | <u>4,000,000</u> | <u>-</u> |
| | 6,000,000 | 500,000 |
| Less: discount to net present value at rates ranging from .13% to .16% | <u>14,579</u> | <u>-</u> |
| | <u>\$ 5,985,421</u> | <u>\$ 500,000</u> |

NOTE 6. PROPERTY AND EQUIPMENT

Property and equipment consisted of the following at September 30, 2020:

| | | |
|---|------------------|--|
| Computer equipment and website | \$ 62,386 | |
| Less: accumulated depreciation and amortization | <u>12,296</u> | |
| | <u>\$ 50,090</u> | |

The Organization did not own any property and equipment as of September 30, 2019.

NOTE 7. NET ASSETS WITH DONOR RESTRICTIONS

As of September 30, 2020 and 2019, the Organization's net assets with donor restrictions are restricted for the following purposes and/or time:

| | <u>2020</u> | <u>2019</u> |
|----------------------------|---------------------|-------------------|
| Subject to passage of time | \$ 4,000,000 | \$ 500,000 |
| Culture Reporter | <u>75,000</u> | <u>-</u> |
| | <u>\$ 4,075,000</u> | <u>\$ 500,000</u> |

Net assets totaling \$500,000 were released from donor restrictions by occurrence of the passage of time for the year ended September 30, 2020. There were no net assets released from donor restrictions for the period from May 21, 2019 (inception) to September 30, 2019.

NOTE 8. COMMITMENTS AND CONTINGENCIES

Operating Leases

The Counter rents office space in Manhattan pursuant to a lease agreement which expires during the year ended September 31, 2021. Future minimum lease payments for The Counter's office space in 2021 is \$36,240.

The Organization incurred rent expense amounting to \$69,159 during the year ended September 30, 2020, which is included in "Occupancy and utilities" on the accompanying statement of functional expenses. 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, 2020 AND 2019

NOTE 9. REFUNDABLE ADVANCE

On April 23, 2020, the Organization received loan proceeds of \$181,500 under the Paycheck Protection Program (the "PPP"). The PPP, which was established as part of the Coronavirus Aid, Relief and Economic Security Act, provides for loans to qualifying businesses for amounts up to 2.5 times certain average monthly payroll expenses of the qualifying business. The loan and accrued interest, or a portion thereof, may be forgiven after 24 weeks so long as the borrower uses the loan proceeds for eligible purposes including payroll, benefits, rent, mortgage interest and utilities, and maintains its payroll levels, as defined by the PPP. At least 60% of the amount forgiven must be attributable to payroll costs, as defined by the PPP.

U.S. GAAP does not contain authoritative accounting standards for forgivable loans provided by governmental entities. Absent authoritative accounting standards, interpretative guidance issued and commonly applied by financial statement preparers allow for the selection of accounting policies amongst acceptable alternatives. Based on the facts and circumstances, the Organization has determined it most appropriate to account for the PPP loan proceeds under the conditional contribution model within ASC 958-605. Under the conditional contribution model, the Organization recognizes the proceeds received as a refundable advance, and subsequently recognizes grant revenue as the conditions are met. Conditions are deemed to be met as the allowable expenses are incurred. The Organization deemed the conditional contribution model to be the most appropriate accounting policy for this arrangement based on the nature of the PPP loan program. As of September 30, 2020, \$181,500 is included in refundable advances on the statement of net assets related to the PPP loan program.

In November 2020, the Organization was informed that its loan proceeds of \$181,500 received under the PPP has been forgiven.

NOTE 10. COVID-19

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 organizational activities could occur as a result from quarantines of staff, donors and vendors 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 disruption, the related financial impact cannot be reasonably estimated at this time. No adjustments or provisions were made in these financial statements related to COVID-19.