

**THE NEW FOOD ECONOMY
(DBA THE COUNTER)
FINANCIAL STATEMENTS
YEARS ENDED SEPTEMBER 30, 2021 AND 2020**

**THE NEW FOOD ECONOMY INC. (DBA THE COUNTER)
FOR THE YEARS ENDED SEPTEMBER 30, 2021 AND 2020**

Table of Contents

	<u>Page</u>
Independent Auditor's Report	1 - 2
Financial Statements	
Statements of financial position	3
Statements of activities	4 - 5
Statements of functional expenses	6 - 7
Statements of cash flows	8
Notes to financial statements	9 - 16

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, 2021 and 2020 and the related statements of activities, functional expenses and cash flows for the years 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

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, 2021 and 2020, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.



CERTIFIED PUBLIC ACCOUNTANTS

New York, New York
January 27, 2022

THE NEW FOOD ECONOMY INC. (DBA THE COUNTER)
STATEMENTS OF FINANCIAL POSITION
SEPTEMBER 30, 2021 AND 2020

	<u>2021</u>	<u>2020</u>
<u>ASSETS</u>		
Cash	\$ 818,103	\$ 455,483
Contributions receivable, net	4,140,325	5,985,421
Other current assets	9,918	18,875
Property and equipment, net	<u>65,551</u>	<u>50,090</u>
TOTAL ASSETS	<u>\$ 5,033,897</u>	<u>\$ 6,509,869</u>
<u>LIABILITIES AND NET ASSETS</u>		
Liabilities:		
Accounts payable and accrued expenses	\$ 23,408	\$ 47,891
Payroll Protection Program loan payable	<u>-</u>	<u>181,500</u>
Total liabilities	<u>23,408</u>	<u>229,391</u>
Commitments and contingencies (Notes 8 and 9)		
Net assets:		
Without donor restrictions	2,510,489	2,205,478
With donor restrictions	<u>2,500,000</u>	<u>4,075,000</u>
Total net assets	<u>5,010,489</u>	<u>6,280,478</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 5,033,897</u>	<u>\$ 6,509,869</u>

See accompanying notes to financial statements.

THE NEW FOOD ECONOMY INC. (DBA THE COUNTER)
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue and support:			
Contributions	\$ 157,448	\$ 500,000	\$ 657,448
Interest income	2,653	-	2,653
Net assets released from restriction	<u>2,075,000</u>	<u>(2,075,000)</u>	<u>-</u>
Total revenue and support	<u>2,235,101</u>	<u>(1,575,000)</u>	<u>660,101</u>
Expenses:			
Program services	<u>1,494,005</u>	<u>-</u>	<u>1,494,005</u>
Supporting service expense:			
Management and general	697,417	-	697,417
Fundraising	<u>139,368</u>	<u>-</u>	<u>139,368</u>
Total supporting service expense	<u>836,785</u>	<u>-</u>	<u>836,785</u>
Total expenses	<u>2,330,790</u>	<u>-</u>	<u>2,330,790</u>
Change in net assets before other income:	(95,689)	(1,575,000)	(1,670,689)
Other income:			
Paycheck Protection Program loan forgiveness	<u>400,700</u>	<u>-</u>	<u>400,700</u>
Change in net assets	305,011	(1,575,000)	(1,269,989)
Net assets - beginning of year	<u>2,205,478</u>	<u>4,075,000</u>	<u>6,280,478</u>
NET ASSETS - END OF YEAR	<u>\$ 2,510,489</u>	<u>\$ 2,500,000</u>	<u>\$ 5,010,489</u>

See accompanying notes to financial statements.

THE NEW FOOD ECONOMY INC. (DBA THE COUNTER)
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 31, 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><u>\$ 2,205,478</u></u>	<u><u>\$ 4,075,000</u></u>	<u><u>\$ 6,280,478</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, 2021**

	Program Services	Management and General	Fundraising	Total
Salaries and wages	\$ 1,114,255	\$ 438,063	\$ 92,047	\$ 1,644,365
Payroll taxes and other employee benefits	108,754	42,755	8,984	160,493
Editorial expenses	147,107	10,988	-	158,095
Office and administration	39,885	37,293	-	77,178
Professional fees	-	86,839	31,463	118,302
Occupancy and utilities	25,722	10,112	2,125	37,959
Insurance	57,582	22,735	4,749	85,066
Depreciation and amortization	-	23,800	-	23,800
Other expenses	700	17,340	-	18,040
Registration fees	-	1,371	-	1,371
Travel	-	6,121	-	6,121
TOTAL FUNCTIONAL EXPENSES	<u>\$ 1,494,005</u>	<u>\$ 697,417</u>	<u>\$ 139,368</u>	<u>\$ 2,330,790</u>

See accompanying notes to financial statements.

THE NEW FOOD ECONOMY INC. (DBA THE COUNTER)
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED SEPTEMBER 31, 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	\$ 1,093,479	\$ 634,783	\$ 82,862	\$ 1,811,124

See accompanying notes to financial statements.

THE NEW FOOD ECONOMY INC. (DBA THE COUNTER)
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED SEPTEMBER 30, 2021 AND 2020

	<u>2021</u>	<u>2020</u>
Cash flows from operating activities:		
Change in net assets	\$ (1,269,989)	\$ 4,752,089
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Paycheck Protection Program loan forgiveness	(400,700)	-
Amortization of discount on contributions receivable	(3,426)	14,579
Depreciation	27,226	12,296
Changes in assets and liabilities:		
Other current assets	8,957	(18,875)
Contributions receivable	1,848,522	(5,500,000)
Accounts payable and accrued expenses	<u>(24,483)</u>	<u>39,210</u>
Net cash provided by (used in) operating activities	186,107	(700,701)
Cash used in investing activities:		
Acquisition of property and equipment	(42,687)	(62,386)
Cash provided by financing activities:		
Proceeds from Paycheck Protection Program loans	<u>219,200</u>	<u>181,500</u>
Net increase (decrease) in cash	362,620	(581,587)
Cash - beginning	<u>455,483</u>	<u>1,037,070</u>
CASH - ENDING	<u>\$ 818,103</u>	<u>\$ 455,483</u>

See accompanying notes to financial statements.

THE NEW FOOD ECONOMY INC. (DBA THE COUNTER)
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021 AND 2020

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 restriction.

THE NEW FOOD ECONOMY INC. (DBA THE COUNTER)
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021 AND 2020

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

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, 2021 and 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, 2021 AND 2020

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 years ended September 30, 2021 and 2020.

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 No. 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 No. 2020-05 and is evaluating the effect that ASU No. 2020-05 will have on its financial statements and related disclosures.

Contributed Nonfinancial Assets

In September 2020, FASB issued ASU No. 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets* ("ASU 2020-07"), which will increase the transparency of contributed nonfinancial assets through enhancements to presentation and disclosures. ASU 2020-07 is effective for years beginning after June 15, 2021, with early adoption permitted. The Organization has not yet elected to adopt ASU 2020-07 and is evaluating the effect that ASU 2020-07 will have on its financial statements and related disclosures.

THE NEW FOOD ECONOMY INC. (DBA THE COUNTER)
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021 AND 2020

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

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.

Financial Instruments and Credit Risk

The Organization manages deposit concentration risk by placing cash with financial institutions it believes 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 27, 2022, the date on which these financial statements were available to be issued. 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, 2021 AND 2020

NOTE 2. LIQUIDITY AND AVAILABILITY (CONTINUED)

The table below represents the Organization's financial assets as of September 30, 2021 and 2020, 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>2021</u>	<u>2020</u>
Financial assets at September 30:		
Cash	\$ 818,103	\$ 455,483
Contributions receivable	<u>2,151,478</u>	<u>2,000,000</u>
Total financial assets at September	2,969,581	2,455,483
Less amounts not available for use within one year:		
Net assets with donor restrictions	<u>2,500,000</u>	<u>2,455,483</u>
Financial assets available to meet general expenditures within one year	<u>\$ 469,581</u>	<u>\$ -</u>

NOTE 3. RELATED-PARTY TRANSACTIONS

For the years ended September 30, 2021 and 2020, The Counter received contributions in the amount of approximately \$17,000 and \$6,000,000, respectively, from individuals who are on the board of directors.

For the year ended September 31, 2020, 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 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, 2021 and 2020, exceeded federally insured limits by \$568,103 and \$205,483, respectively. The Organization believes it is not exposed to any significant credit risk regarding its cash and cash equivalents.

For the years ended September 30, 2021 and 2020, contributions comprising approximately 78% and 91% of revenue and support were provided by two donors and one donor, respectively.

For the years ended September 30, 2021 and 2020, 96% and 100% of the Organization's total contributions receivable was solely from one donor, respectively.

THE NEW FOOD ECONOMY INC. (DBA THE COUNTER)
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021 AND 2020

NOTE 5. CONTRIBUTIONS RECEIVABLE

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

	<u>2021</u>	<u>2020</u>
Within one year	\$ 2,151,478	\$ 2,000,000
In one to five years	<u>2,000,000</u>	<u>4,000,000</u>
	4,151,478	6,000,000
Less: discount to net present value at rates ranging from .16% to .28%	<u>11,153</u>	<u>14,579</u>
	<u>\$ 4,140,325</u>	<u>\$ 5,985,421</u>

NOTE 6. PROPERTY AND EQUIPMENT

Property and equipment consisted of the following at September 30:

	<u>2021</u>	<u>2020</u>
Computer equipment and website	\$ 105,073	62,386
Less: accumulated depreciation and amortization	<u>39,522</u>	<u>12,296</u>
	<u>\$ 65,551</u>	<u>\$ 50,090</u>

For the years ended September 2021 and 2020, depreciation expense amounted to \$27,226 and \$12,296, respectively, and is included in "Depreciation and amortization" on the accompanying statements of functional expense.

NOTE 7. NET ASSETS WITH DONOR RESTRICTIONS

As of September 30, 2021 and 2020, the Organization's net assets with donor restrictions are restricted for the following purposes and/or time:

	<u>2021</u>	<u>2020</u>
Subject to passage of time	\$ 2,000,000	\$ 4,000,000
Culture reporter	150,000	75,000
Investigative reporting - equitable access to nutritious school food	<u>350,000</u>	<u>-</u>
	<u>\$ 2,500,000</u>	<u>\$ 4,075,000</u>

Net assets totaling \$2,075,000 and \$500,000 were released from donor restrictions by occurrence of the passage of time and/or fulfillment of purpose for the years ended September 30, 2021 and 2020, respectively.

NOTE 8. COMMITMENTS AND CONTINGENCIES

Operating Lease

The Organization rents office space in Manhattan pursuant to a lease agreement which expired during the year ended September 30, 2021.

THE NEW FOOD ECONOMY INC. (DBA THE COUNTER)
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021 AND 2020

NOTE 8. COMMITMENTS AND CONTINGENCIES (CONTINUED)

Operating Lease (continued)

The Organization incurred rent expense amounting to \$37,600 and \$69,159 during the years ended September 30, 2021 and 2020, respectively, which is included in "Occupancy and utilities" on the accompanying statements of functional expenses.

Litigation

The Organization is, from time to time, subject to ordinary and routine litigation. Management presently believes that the ultimate outcome of these proceedings, individually or in the aggregate, will not have a material adverse effect on the Organization's financial condition, results of operations or cash flows. Nevertheless, litigation is subject to inherent uncertainties, and unfavorable rulings could occur. An unfavorable ruling could include monetary damages and, in such event, could result in a material adverse impact on the Organization's financial condition, results of operations or cash flows for the period for which the ruling occurs.

NOTE 9. PAYCHECK PROTECTION PROGRAM LOAN PAYABLE

Paycheck Protection Program - First Draw

On April 23, 2020, the Organization received loan proceeds of \$181,500 ("PPP FL") 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.

The Organization applied for PPP loan forgiveness on the PPP FL and received approval from the Small Business Administration in November 2020 and recognized \$181,500 as "Other income" in the accompanying 2021 statement of activities.

Paycheck Protection Program - Second Draw

On February 10, 2021, the Organization received loan proceeds of \$219,200 under the Paycheck Protection Program Second Draw Loans (the "PPP SD"). The second round of PPP funding, which was established as part of the Consolidated Appropriations Act, provides 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. Not more than 40% of the amount forgiven can be attributable to nonpayroll costs.

The PPP SD matures five years from the date of first disbursement of proceeds to the Organization and accrues interest at a fixed rate of 1%. Payments are deferred for the covered period plus 10 months payable in 50 equal consecutive monthly installments of principal and interest commencing on the 11-month anniversary of the end of the covered period.

THE NEW FOOD ECONOMY INC. (DBA THE COUNTER)
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021 AND 2020

NOTE 9. PAYCHECK PROTECTION PROGRAM LOAN PAYABLE (CONTINUED)

Paycheck Protection Program - Second Draw (continued)

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 allows for the selection of 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 debt model. Under the debt model, the Organization recognizes the proceeds received as debt, recognizes periodic interest expense in the period in which the interest accrues at the stated interest rate and defers recognition of any potential forgiveness of the loan principal or interest until the period in which the Organization has been legally released from its obligation by the lender. The Organization deemed the debt model to be the most appropriate accounting policy for this arrangement as the underlying PPP loan is a legal form of debt and there are significant contingencies outside of the control of the Organization, mainly related to the third-party approval process of forgiveness.

The Organization received full loan forgiveness on the PPP SD loan in June 2021 and recognized \$219,200 as other income in the accompanying statement of activities.

NOTE 10. COVID-19

During the 2020 fiscal year, the World Health Organization declared COVID-19 to constitute a "Public Health Emergency of International Concern." Disruptions to the Organization's operations have occurred as a result of quarantines and pivot to remote working of all organizational staff, restrictions on in-person events, and significant impacts on in-person reporting, across the United States. Additionally, donors, members and other constituents have continued to be impacted by the pandemic. Through PPP loans, continued major donor support and grant revenue, the Organization was able to continue to meet its charitable purposes without any disruption. No adjustments or provisions were made in these financial statements related to COVID-19.