

BREADCOIN FOUNDATION LTD

INDEPENDENT ACCOUNTANT'S REVIEW REPORT
ON 2021 FINANCIAL STATEMENTS AND
INDEPENDENT ACCOUNTANT'S COMPILATION REPORT
ON 2020 FINANCIAL STATEMENTS

Years Ended December 31, 2021 and 2020

INDEPENDENT ACCOUNTANTS' REPORT

To the Board of Directors
Breadcoin Foundation Ltd
Washington, DC

Review of 2021 Financial Statements

We have reviewed the accompanying financial statements of Breadcoin Foundation Ltd (a non-profit organization), which comprise the statement of financial position as of December 31, 2021, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of Foundation management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

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.

Accountants' Responsibility

Our responsibility is to conduct the review engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our conclusion.

We are required to be independent of Breadcoin Foundation Ltd and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our review.

Accountants' Conclusion

Based on our review, we are not aware of any material modifications that should be made to the accompanying 2021 financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America.

Compilation of 2020 Financial Statements

Management is responsible for the accompanying financial statements of Breadcoin Foundation Ltd, which comprise the statement of financial position as of December 31, 2020, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements in accordance with accounting principles generally accepted in the United States of America. We have performed a compilation engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. We did not audit or review the financial statements nor were we required to perform any procedures to verify the accuracy or completeness of the information provided by management. We do not express an opinion, a conclusion, nor provide any assurance on the 2020 financial statements.

Henrik & Company, P.L.C.

Vienna, Virginia
December 7, 2022

BREADCOIN FOUNDATION LTD
 STATEMENTS OF FINANCIAL POSITION
 December 31, 2021 and 2020

	(Reviewed)	(Compiled)
	<u>2021</u>	<u>2020</u>
ASSETS		
Cash	\$ 139,538	\$ 45,954
Cash reserve for future Breadcoin redemptions	71,717	34,304
Contributions receivable	27,206	3,350
Advances to vendor	-	1,876
Breadcoin inventory	50,252	15,160
Prepaid expenses	<u>970</u>	<u>-</u>
	TOTAL ASSETS	
	<u>\$ 289,683</u>	<u>\$ 100,644</u>
LIABILITIES		
Account payable and accrued expenses	\$ 26,390	\$ 1,535
Liability for Breadcoins not yet redeemed	<u>71,717</u>	<u>34,304</u>
	98,107	35,839
NET ASSETS		
Without donor restrictions		
Undesignated	<u>191,576</u>	<u>64,805</u>
	TOTAL LIABILITIES AND NET ASSETS	
	<u>\$ 289,683</u>	<u>\$ 100,644</u>

See accompanying notes and independent accountants' review and compilation report.

BREADCOIN FOUNDATION LTD
 STATEMENTS OF ACTIVITIES
 Years ended December 31, 2021 and 2020

	(Reviewed) 2021	(Compiled) 2020
SUPPORT AND REVENUE		
Contributions and grants	\$ 275,273	\$ 151,680
Sale of Breadcoin and related fees	29,565	497
Interest income	-	31
TOTAL SUPPORT AND REVENUE	<u>304,838</u>	<u>152,208</u>
EXPENSES		
Vendor redemptions	115,847	46,705
Community network contractors	37,506	10,000
Food distribution	-	39,039
Administrative expenses	9,561	250
Transaction fees	5,579	1,962
Miscellaneous	3,495	439
Technology	2,738	1,441
Breadcoin breakage	1,908	575
Insurance	1,433	-
	<u>178,067</u>	<u>100,411</u>
INCREASE IN NET ASSETS WITHOUT DONOR RESTRICTIONS	126,771	51,797
NET ASSETS WITHOUT DONOR RESTRICTIONS AT BEGINNING OF YEAR		
	<u>64,805</u>	<u>13,008</u>
NET ASSETS WITHOUT DONOR RESTRICTIONS AT END OF YEAR	<u><u>\$ 191,576</u></u>	<u><u>\$ 64,805</u></u>

See accompanying notes and independent accountants' review and compilation report.

BREADCOIN FOUNDATION LTD
 STATEMENTS OF CASH FLOWS
 Years ended December 31, 2021 and 2020

	(Reviewed)	(Compiled)
	<u>2021</u>	<u>2020</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase in net assets	\$ 126,771	\$ 51,797
Changes in operating assets and liabilities:		
Contributions receivable	(23,856)	(3,350)
Advances to vendor	1,876	(504)
Breadcoin inventory	(35,092)	(6,725)
Prepaid expenses	(970)	-
Accounts payable and accrued expenses	24,855	1,535
Liability for Breadcoins not yet redeemed	37,413	15,601
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>130,997</u>	<u>58,354</u>
INCREASE IN CASH AND CASH RESERVE	130,997	58,354
CASH AND CASH RESERVE AT BEGINNING OF YEAR	<u>80,258</u>	<u>21,904</u>
CASH AND CASH RESERVE AT END OF YEAR	<u>\$ 211,255</u>	<u>\$ 80,258</u>

See accompanying notes and independent accountants' review and compilation report.

BREADCOIN FOUNDATION LTD
NOTES TO FINANCIAL STATEMENTS
Years ended December 31, 2021 and 2020

NOTE 1 - NATURE OF ACTIVITIES

Breadcoin Foundation Ltd (the “Foundation”) was incorporated in the District of Columbia on November 28, 2017. The Foundation mints and distributes Breadcoins - a food token that works like a community-wide gift certificate - for the purchase food at participating locations. The community uses Breadcoins to ensure the hungry are fed, to set community tables inclusive of marginalized populations, and to promote food vendors that are committed to feeding their communities. The Foundation funds its programs and supporting services primarily through contributions and grants and sales of Breadcoins.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The financial statements of the Foundation have been prepared on the accrual basis of accounting and, accordingly, revenues and expenses are recognized in the period to which they relate.

Basis of Presentation

In accordance with the *Not-For-Profit Entities-Presentation of Financial Statements* sub topic of the FASB Accounting Standards Codification, the Foundation reports information regarding its financial position and activities according to the following net asset classifications:

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 foundation. These net assets may be used at the discretion of the Foundation’s management and the Board of Directors.

Net assets with donor restrictions: Net assets subject to stipulations imposed by donors and grantors that will be satisfied by action of the Foundation or by the passage of time. There were no net assets with donor restrictions at December 31, 2021 or 2020.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Contributions

Contributions are accounted for in accordance with the *Not-For-Profit Entities - Revenue Recognition* topic of the FASB Accounting Standards Codification. Contributions received are recorded as without donor restrictions or with donor restrictions, depending on the existence and/or nature of any donor restrictions. When a restriction expires (that is, when a stipulated time restriction ends or the purpose of the restriction is accomplished) net assets are reclassified from net assets with donor restrictions to net asset without donor restrictions in the statements of activities as net assets released from restrictions. Contributions with donor restrictions that are received and released in the same year are

BREADCOIN FOUNDATION LTD
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Contributions (Continued)

reported as contributions without donor restrictions in the statement of activities.

Sale of Breadcoins and Related Fees

The Foundation's revenue from contracts with customers (purchasers of Breadcoins) is comprised of the sale of Breadcoins and related fees. All of the revenue for the sale of Breadcoins and related fees is recognized at the time the Breadcoin is sold. Payment for the sale of Breadcoins and related fees is due at the time of the sale. There were no contract receivables, contract assets or contract liabilities at December 31, 2021 and 2020.

Financial and Credit Risks

The Foundation maintains cash balances in financial institutions, which at times may exceed Federally insured limits. The Foundation has not experienced any losses in such accounts. The Foundation believes it is not exposed to any significant credit risk on cash.

Cash and Cash Reserve

Cash consists of a checking account, of which a portion is allocated to the cash reserve for future Breadcoin redemptions.

The following table provides a reconciliation of cash and cash reserve reported within the statement of financial position that sum to the total of the same such amounts as shown in the statements of cash flows as of December 31:

	<u>2021</u>	<u>2020</u>
Cash	\$139,538	\$45,954
Cash reserve for future Breadcoin redemptions	<u>71,717</u>	<u>34,304</u>
Total cash and cash reserve as shown in the statements of cash flows	<u>\$211,255</u>	<u>\$80,258</u>

Contributions Receivable

Unconditional contributions are recognized as revenue in the period received. Conditional contributions are recognized only when the conditions on which they depend are substantially met and the contributions become unconditional. Uncollectible contributions receivable are written off when it is finally determined they are uncollectible. Contributions receivable at December 31, 2021 and 2020 were collected in the following year. No allowance for doubtful accounts was necessary at December 31, 2021 and 2020.

Breadcoin Inventory

Inventory, which consists of Breadcoins, is recorded at the lower of cost (average cost method) or net realizable value.

Functional Allocation of Expenses

The cost of providing program and other activities has been summarized on a functional basis in the statements of activities. Expenses directly attributable to a specific functional area of

BREADCOIN FOUNDATION LTD
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Functional Allocation of Expenses (Continued)

the Foundation are reported as expenses of those functional areas.

Income Taxes

The Foundation is exempt from the payment of income taxes on its exempt activities under Section 501(c)(3) of the Internal Revenue Code. As of December 31, 2021, the federal and state statute of limitations remains open for the December 31, 2018 through the December 31, 2021 tax years.

Subsequent Events

In preparing these financial statements, the Foundation has evaluated events and transactions for potential recognition or disclosure through December 7, 2022, the date the financial statements were available to be issued. None were noted.

NOTE 3 - AVAILABILITY AND LIQUIDITY

The following represents the Foundation's financial assets at December 31, 2021 and 2020:

Financial assets at year end:	<u>2021</u>	<u>2020</u>
Cash	\$139,538	\$45,954
Cash reserve for future Breadcoin redemptions	71,717	34,304
Contributions receivable	27,206	3,350
Advances to vendor	<u>-</u>	<u>1,876</u>
Financial assets available to meet general expenditures over the next twelve months	<u>\$238,461</u>	<u>\$85,484</u>

The Foundation maintains a policy of structuring its financial assets to be available as its general expenditures, liabilities and other obligations come due.

NOTE 4 - MAJOR CONTRIBUTIONS AND GRANTS

Approximately 18% of support and revenue for the year ended December 31, 2021 was provided by one donor. Approximately 10% of support and revenue for the year ended December 31, 2020 was provided by one donor.

NOTE 5 - RELATED PARTIES

Transactions with related parties during the years ended December 31, 2021 and 2020 are as follows:

	<u>2021</u>	<u>2020</u>
Contributions from Board members	\$75,554	\$35,847

BREADCOIN FOUNDATION LTD
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

NOTE 6 - FUNCTIONAL EXPENSES

The costs of providing the various programs and activities for the year ended December 31, 2021 have been summarized on a functional basis below.

	<u>Program</u>	<u>General and administrative</u>	<u>Fundraising</u>	<u>Total</u>
Vendor redemptions	\$ 115,847	\$ -	\$ -	\$ 115,847
Community network contractors	37,506	-	-	37,506
Administrative expenses	-	9,561	-	9,561
Transaction fees	-	5,579	-	5,579
Miscellaneous expenses	3,466	29	-	3,495
Technology	-	2,568	170	2,738
Breadcoin breakage	1,908	-	-	1,908
Insurance	-	1,433	-	1,433
	<u>\$ 158,727</u>	<u>\$ 19,170</u>	<u>\$ 170</u>	<u>\$ 178,067</u>

The costs of providing the various programs and activities for the year ended December 31, 2020 have been summarized on a functional basis below.

	<u>Program</u>	<u>General and administrative</u>	<u>Fundraising</u>	<u>Total</u>
Vendor redemptions	\$ 46,705	\$ -	\$ -	\$ 46,705
Community network contractors	10,000	-	-	10,000
Food distribution	39,039	-	-	39,039
Administrative expenses	-	250	-	250
Transaction fees	-	1,962	-	1,962
Miscellaneous expenses	-	439	-	439
Technology	-	1,441	-	1,441
Breadcoin breakage	575	-	-	575
	<u>\$ 96,319</u>	<u>\$ 4,092</u>	<u>\$ -</u>	<u>\$ 100,411</u>