

Blockchain Charity Foundation

Identification Number: VO/1609

Annual Report and Financial Statements

For the Period Ended 31 December, 2018

Blockchain Charity Foundation

For the Period Ended 31 December, 2018

Contents

	<u>Page</u>
Board of Administrators' Report and Statement of Responsibilities	1 - 3
Independent Auditors' Report	4 - 5
Statement of Comprehensive Income	6
Statement of Financial Position	7 - 8
Statement of Changes in Equity	9
Statement of Cash Flows	10
Notes to the Financial Statements	11 - 16

Blockchain Charity Foundation

Board of Administrators' Report and Statement of Responsibilities

For the Period Ended 31 December, 2018

The Board of Administrators present this report and the audited financial statements of Blockchain Charity Foundation (the "Foundation") for the period ended 31 December, 2018.

Principal Activities

Blockchain Charity Foundation is a non-profit organisation dedicated to achieving global sustainable development by unlocking the power of blockchain. The Foundation is registered with the Office of the Commissioner for Voluntary Organisations, Block C, Belt is-Sebh, Floriana, Malta as a Foundation under the Voluntary Organisations Act, 2007 (Act No. XXII of 2007) with identification number VO/1609.

Incorporation

The Foundation was established on 15 November, 2018 and accordingly these financial statements cover the period from incorporation to 31 December, 2018.

Results and Review of the Performance of the Foundation

The Board of Administrators report a surplus of €407,807 for the period ended 31 December, 2018. Total contributions collected during the period amounted to €585,086. The statement of comprehensive income is set out on page 6.

Events after balance sheet date

No significant events have occurred after the balance sheet date which require mention in this report.

Future Developments

The Foundation is not envisaging any changes in operating activities for the forthcoming period.

Founder

Alexandre Dreyfus

Head of Foundation

Yu Helen Hai

Senior Advisory Board

H.E. Marie-Louise Coleiro Preca - Chairperson of the Senior Advisory Board
Hon. Ilyas Moussa Dawaleh
Dr. Carlos Lopes
Mr. Zhang Zhiping
Mr. Simon O'Connell
H.E. Ameenah Gurib-Fakim

Blockchain Charity Foundation

Board of Administrators' Report and Statement of Responsibilities (continued)

For the Period Ended 31 December, 2018

Board of Administrators

Yu Helen Hai - Chairperson of the Board of Administrators
Mo Liu
Dr. Christian Farrugia

Statement of the Board of Administrators responsibilities for the financial statements

The Board of Administrators are required by the Voluntary Organisations Act, 2007 (Act No. XXII of 2007) to prepare financial statements that give a true and fair view of the state of affairs of the Foundation as at the end of each reporting period and of the profit or loss for that period.

In preparing the financial statements, the Board of Administrators are responsible for:

- ensuring that the financial statements have been drawn up in accordance with International Financial Reporting Standards as adopted by the European Union;
- selecting and applying appropriate accounting policies;
- making accounting estimates that are reasonable in the circumstances;
- ensuring that the financial statements are prepared on the going concern basis unless it is inappropriate to presume that the Foundation will continue in business as a going concern.

The Board of Administrators are also responsible for designing, implementing and maintaining internal control as the Board of Administrators determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and that comply with the Voluntary Organisations Act. The Board of Administrators are also responsible for safeguarding the assets of the Foundation and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Auditors


PKF Malta Limited, Certified Public Accountants and Registered Auditors, have expressed their willingness to continue in office and a resolution for their reappointment will be proposed at the Annual General Meeting.

Blockchain Charity Foundation

Board of Administrators' Report and Statement of Responsibilities (continued)

For the Period Ended 31 December, 2018

Approved by the Board of Administrators on 5 February, 2020 and signed on its behalf by:



Yu Helen Hai
Administrator



Mo Liu
Administrator



Dr. Christian Farrugia
Administrator

Registered Address:
Ewropa Business Centre, Level 3,
Suite 701, Triq Dun Karm
Birkirkara, BKR 9034
Malta

Independent Auditors' Report**To the Board of Blockchain Charity Foundation****Report on the Audit of the Financial Statements****Opinion**

We have audited the accompanying financial statements of Blockchain Charity Foundation set out on pages 6 to 16 which comprise the statement of financial position as at 31 December 2018, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the period then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the balance sheet of the Foundation as at 31 December 2018, and of its financial performance for the period then ended in accordance with International Financial Reporting Standards as adopted by the European Union and have been properly prepared in accordance with the requirements of the Companies Act (Cap. 386).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Foundation in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in accordance with the Accountancy Profession (Code of Ethics for Warrant Holders) Directive issued in terms of the Accountancy Profession Act (Cap. 281) in Malta, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

The Board of Administrators are responsible for the other information. The other information comprises the Board of Administrators' report. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Board of Administrators

The Board of Administrators are responsible for the preparation of the financial statements that give a true and fair view in accordance with International Financial Reporting Standards and the requirements of the Voluntary Organisations Act, 2007, and for such internal control as the Board of Administrators determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Administrators are responsible for assessing the Foundation's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Administrators either intend to liquidate the Foundation or to cease operations, or has no realistic alternative but to do so.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Independent Auditors' Report (continued)**To the members of Blockchain Charity Foundation****Report on the Audit of the Financial Statements**

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Foundation's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Administrators.
- Conclude on the appropriateness of the Board of Administrators' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Foundation's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Foundation to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Board of Administrators regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



Donna Greaves Bonello
for and on behalf of
PKF Malta Limited
Certified Public Accountants and Registered Auditors

05 February 2020

Blockchain Charity Foundation
Statement of Comprehensive Income
For the Period Ended 31 December, 2018

	2018
	€
	<hr/>
Contributions	
Donations - Binance Charity Wallet	419,683
Donations - Empower Bududa Project	1,265
Donations - L-Istrina Campaign Project	164,138
	<hr/>
Total Contributions	585,086
	<hr/>
Distributions	
Outgoing donations - Binance Charity Wallet	(163,234)
	<hr/>
Total Distributions	(163,234)
	<hr/>
Net Contributions	421,852
Administrative expenses	(16,395)
Finance Income	3. 2,350
	<hr/>
Surplus for the period - total comprehensive income	4. 407,807
	<hr/> <hr/>

The notes on pages 11 to 16 form an integral part of these financial statements.

Blockchain Charity Foundation
Statement of Financial Position
As at 31 December, 2018

		<u>2018</u>
	Note	<u>€</u>
ASSETS		
Current assets		
Other receivables	6.	500
Cash and cash equivalents	7.	424,202
Total current assets		<u>424,702</u>
TOTAL ASSETS		<u><u>424,702</u></u>

Blockchain Charity Foundation
Statement of Financial Position
As at 31 December, 2018

	Note	2018 €
EQUITY AND LIABILITIES		
Equity		
Capital Contribution	8.	500
Accumulated fund	8.	407,807
Total equity		408,307
Liabilities		
Current liabilities		
Other payables	9.	16,395
Total current liabilities		16,395
Total liabilities		16,395
TOTAL EQUITY AND LIABILITIES		424,702

The notes on pages 11 to 16 form an integral part of these financial statements.

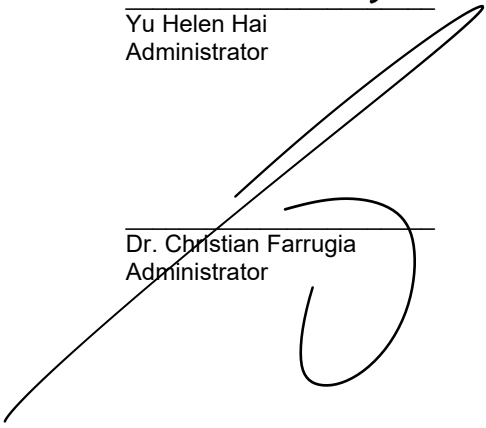
These financial statements on pages 6 to 16 were approved by the Board of Administrators on 5 February, 2020 and were signed on its behalf by:



Yu Helen Hai
 Administrator



Mo Liu
 Administrator



Dr. Christian Farrugia
 Administrator

Blockchain Charity Foundation
Statement of Changes in Equity
For the Period Ended 31 December, 2018

2018

	Capital Contribution	Accumulated Fund	Total Equity
	€	€	€
Balance as at beginning of the period	-	-	-
Comprehensive income			
Surplus for the period - total comprehensive income	-	407,807	407,807
Transactions with the founder			
Contribution of capital	500	-	500
Balance as at 31 December, 2018	500	407,807	408,307

The notes on pages 11 to 16 form an integral part of these financial statements.

Blockchain Charity Foundation

Statement of Cash Flows

For the Period Ended 31 December, 2018

	2018
	€
Cash from operating activities:	
Surplus from operations	407,807
Surplus from operations	407,807
Decrease (increase) in other receivables	(500)
Increase (decrease) in other payables	16,395
Net cash flows from operating activities	423,702
Cash flows from financing activities:	
Proceeds from capital contribution	500
Net cash flows from financing activities	500
Net cash from cash and cash equivalents	424,202
Cash and cash equivalents at beginning of period	-
Cash and cash equivalents at end of period	424,202

The notes on pages 11 to 16 form an integral part of these financial statements.

Blockchain Charity Foundation

Notes to the Financial Statements

For the Period Ended 31 December, 2018

1. Basis of Preparation

a. Statement of compliance

The financial statements have been prepared and presented in accordance with the requirements of the International Financial Reporting Standards as adopted by the European Union and the Voluntary Organisations Act, 2007, enacted in Malta.

b. Basis of measurement

The financial statements have been prepared on the historical cost basis.

c. Functional and presentation currency

The financial statements are presented in euro (€), which is the Foundation's functional currency.

Transactions denominated in foreign currencies are converted to the functional currency at the rates of exchange ruling on the dates on which the transactions first qualify for recognition. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the period, adjusted for effective interest and payments during the period, and the amortised cost in foreign currency translated at the exchange rate at the end of the period. Foreign currency differences arising on retranslation are recognised in profit or loss.

d. Use of estimates and assumptions

The preparation of financial statements in conformity with International Financial Reporting Standards as adopted by the European Union requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

e. Changes in Accounting Policies and Disclosures

Standards, interpretations and amendments to published standards as endorsed by the EU effective in the current year

- IFRS 9 Financial instruments (effective for annual reporting periods beginning on or after 1 January 2018)
- IFRS 15 (Amendments) Revenue from contracts with customers (effective for annual reporting periods beginning on or after 1 January 2018)
- IFRIC 22 Foreign currency transactions and advance consideration (effective for annual reporting periods beginning on or after 1 January 2018)
- IFRS 2 (Amendments) Classification and measurement of share-based payment transactions (effective for annual reporting periods beginning on or after 1 January 2018)
- IFRS 4 (Amendments) Applying IFRS 9 'Financial Instruments' with IFRS 4 'Insurance Contracts' (effective for annual reporting periods beginning on or after 1 January 2018)

Blockchain Charity Foundation

Notes to the Financial Statements (continued)

For the Period Ended 31 December, 2018

1. Basis of Preparation (Continued)

e. Changes in Accounting Policies and Disclosures (Continued)

- IAS 40 (Amendments) Transfers of investment property (effective for annual reporting periods beginning on or after 1 January 2018)

- Annual improvements to IFRS Standards 2014-2016 Cycle (effective for annual reporting periods beginning on or after 1 January 2018)

Standards, interpretations and amendments to published standards as endorsed by the EU that are not yet effective

Up to date of approval of these financial statements, certain new standards, amendments and interpretations to existing standards have been published but which are not yet effective for the current reporting year and which the Foundation has not early adopted, but plans to adopt upon their effective date. The Foundation is still assessing the effect of these changes on the financial statements. The new and amended standards are as follows:

- IFRS 16 Leases (effective for annual reporting periods beginning on or after 1 January 2019). This standard introduces a comprehensive model for the identification of lease arrangement and accounting treatments for both lessors and lessees. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised, with the exception of short-term and low-value leases. IFRS 16 will supersede the current lease guidance of IAS 17 and the related interpretations. The standard is mandatory for periods commencing on or after 1 January 2019. At this stage, the Foundation is still in the process of assessing and evaluating the impact of IFRS 16.

- IFRIC 23 Uncertainty over Income Tax Treatments (effective for annual reporting periods beginning on or after 1 January 2019)

- IFRS 9 (Amendments) Prepayment Features with Negative Compensation (effective for annual reporting periods beginning on or after 1 January 2019)

Standards, interpretations and amendments to published standards that are not yet endorsed by the EU

- IFRS 17 Insurance Contracts (effective for annual reporting periods beginning on or after 1 January 2021)

- IAS 28 (Amendments) Long-term interests in associates and joint ventures (effective for annual reporting periods beginning on or after 1 January 2019)

- Annual Improvements to IFRS Standards 2015-2017 Cycle (effective for annual reporting periods beginning on or after 1 January 2019)

- IAS 19 (Amendments) Plan Amendment, Curtailment or Settlement (effective for annual reporting periods beginning on or after 1 January 2019)

- Amendments to References to the Conceptual Framework in IFRS Standards (effective for annual reporting periods beginning on or after 1 January 2020)

- IFRS 3 (Amendments) Definition of a Business (effective for annual reporting periods beginning on or after 1 January 2020)

- IAS 1 and IAS 8 (Amendments) Definition of Material (effective for annual reporting periods beginning on or after 1 January 2020)

The Foundation has assessed the effects of these standards and interpretations and is of the opinion that these did not have a material impact on the financial statements.

Blockchain Charity Foundation

Notes to the Financial Statements (continued)

For the Period Ended 31 December, 2018

2. Significant Accounting Policies

a. Going concern

The financial statements have been prepared on the going concern basis which assumes that the Foundation will continue its operational activity for the foreseeable future.

b. Other receivables

Other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for impairment of other receivables is established when there is objective evidence that the Foundation will not be able to collect all amounts due to the original terms of the receivables.

c. Other payables

Other payables are stated at cost, which approximates fair value due to the short term nature of these liabilities.

d. Contributions

The contributions of the Foundation comprises of donations received through a blockchain-based system dedicated to philanthropic purposes. Donations are recognised when it is probable that the economic benefits associated with the transaction will flow to the Foundation and the donations can be measured reliably.

e. Taxation

No provision is made in the accounts for income tax on the grounds that Blockchain Charity Foundation has been established as a voluntary organisation and consequently is exempt from taxation in terms of Article 12(1)(e) Chapter 123 of the Income Tax Act.

f. Impairment

i. Financial assets

A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset. An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount, and the present value of the estimated future cash flows discounted at the original effective interest rate. An impairment loss in respect of an available-for-sale financial asset is calculated by reference to its current fair value.

Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk circumstances.

All impairment losses are recognised in profit or loss. Any cumulative loss in respect of an available-for-sale financial asset recognised previously in equity is transferred to profit or loss.

An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognised. For financial assets measured at cost and available-for-sale financial assets that are debt securities, the reversal is recognised in profit or loss. For available-for-sale financial assets that are equity securities, the reversal is recognised directly in equity.

Blockchain Charity Foundation

Notes to the Financial Statements (continued)

For the Period Ended 31 December, 2018

2. Significant Accounting Policies (Continued)

g. Impact of initial application of the revised IFRS 9 Financial Instruments

In the current year, the Foundation has applied IFRS 9 Financial Instruments and the related consequential amendments to other International Financial Reporting Standards that are effective for periods that begin on or after 1 January 2018. IFRS 9 introduced new requirements for the classification and measurement of financial assets and introduced an 'expected credit loss' model for the impairment of financial assets.

There has been no changes to the classification, measurement or impairment of financial assets and liabilities as a result of the application of IFRS 9.

h. Financial instruments

The Foundation adopted IFRS 9 for the period ended 31 December, 2018. The standard introduced new classification and measurement models for financial assets

A financial asset shall be measured at amortised cost if it is held within a business model whose objective is to hold assets in order to collect contractual cash flows which arise on specified dates and that are solely principal and interest. A debt investment shall be measured at fair value through other comprehensive income ("FVOCI") if it is held within a business model whose objective is to both hold assets in order to collect contractual cash flows which arise on specified dates that are solely principal and interest as well as selling the asset on the basis of its fair value. All other financial assets are classified and measured at fair value through profit or loss unless the entity makes an irrevocable election on initial recognition to present gains and losses on equity instruments (that are not held-for-trading or contingent consideration recognised in a business combination) in OCI. Despite these requirements, a financial asset may be irrevocably designated as measured at fair value through profit or loss to reduce the effect of, or eliminate, an accounting mismatch.

For financial liabilities designated at fair value through profit or loss, the standard requires the portion of the change in fair value that relates to the entity's own credit risk to be presented in OCI (unless it would create an accounting mismatch) New simpler hedge accounting requirements are intended to more closely aligned accounting treatment with the risk management activities of the entity. New impairment requirements use an 'expected credit loss' ("ECL") model to recognise an allowance. Impairment is measured using a 12-month ECL unless the credit risk on a financial instrument has increased significantly since initial recognition in which case the lifetime ECL is adopted. For receivables, a simplified approach to measuring expected credit losses using a lifetime expected loss allowance is available.

During the period the Foundation did not recognise any expected credit loss.

i. Financial risk management

The Foundation's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk and price risk), credit risk, liquidity risk and cash flow interest rate risk. The Foundation's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Foundation's financial performance .

i. Market risk

Foreign exchange risk

The Foundation is exposed to foreign exchange risk arising from various currency exposure, primarily with respect to the cryptocurrencies and USD. Foreign exchange risk arises from future commercial transactions, recognised assets and liabilities and net investments in foreign operations.

Price risk

The Foundation is not exposed to price risk.

Blockchain Charity Foundation

Notes to the Financial Statements (continued)

For the Period Ended 31 December, 2018

2. Significant Accounting Policies (Continued)

i. Financial risk management (Continued)

ii. Credit risk

The Foundation has no concentrations of credit risk.

iii. Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions.

iv. Cash flow and fair value interest rate risk

As the Foundation has no interest-bearing assets or long-term borrowings, the Foundation is not exposed to cash flow and fair value interest rate risk.

3. Finance income

	2018
	€
Unrealised gain on foreign currency translation	2,350
Total	2,350

4. Surplus for the period

a. Auditors' remuneration

Total remuneration paid to the Foundation's auditors during the period amounted to:

	2018
	€
Audit fees	1,180
Other assurance services	1,180
Total	2,360

5. Employee information

The Foundation did not employ any employees during the period ended 31 December, 2018.

6. Other receivables

	2018
	€
Other receivables	500
Total	500

Blockchain Charity Foundation

Notes to the Financial Statements (continued)

For the Period Ended 31 December, 2018

7. Cash and cash equivalents

Cash and cash equivalents for the purpose of the cash flow statement are as follows:

	<u>2018</u>
	<u>€</u>
Funds held in e-wallet accounts	424,202
Total cash and cash equivalents in the statement of cash flows	<u>424,202</u>

8. Reserves

a. Capital contribution

The capital contribution represents the initial capital injected into the Foundation as working capital.

b. Accumulated fund

The accumulated fund represents retained surpluses carried forward.

9. Other payables

	<u>2018</u>
	<u>€</u>
Accruals	2,360
Other payables	14,035
Total	<u>16,395</u>

10. Related Party Disclosures

The Foundation did not enter into any related party relationships during the period ended 31 December, 2018.

11. Statutory Information

Blockchain Charity Foundation is registered with the Office of the Commissioner for Voluntary Organisations as a Foundation under the Voluntary Organisations Act, 2007.

Blockchain Charity Foundation

For the Period Ended 31 December, 2018

Schedules

Schedule of Administrative Expenses

	<u>2018</u>
	<u>€</u>
Administrative expenses:	
Auditors remuneration	1,180
Consulting and professional fees	<u>15,215</u>
Total	<u><u>16,395</u></u>

Schedules do not form part of these financial statements.