



ENDAOMENT, INC.
FINANCIAL REPORT
JUNE 30, 2021

ENDAOMENT, INC.
TABLE OF CONTENTS

	Page
INDEPENDENT AUDITOR'S REPORT	1 – 2
FINANCIAL STATEMENTS	
Statement of Financial Position	3
Statement of Activities	4
Statement of Cash Flows	5
Notes to Financial Statements	6 – 9

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Endaoment, Inc.

Opinion

We have audited the financial statements of Endaoment, Inc. (the Organization), which comprise the statement of financial position as of June 30, 2021, the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as of June 30, 2021, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Organization and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern within one year after the date that the financial statements are issued or available to be issued.

Auditor's 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 absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. 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. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- 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 Organization's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings and certain internal control-related matters that we identified during the audit.

Singer Lewak LLP

March 12, 2024

ENDAOMENT, INC.
STATEMENT OF FINANCIAL POSITION
June 30, 2021

ASSETS

Cash and cash equivalents	\$ 170,403
Prepaid expenses	861
Donor-advised funds	784,265
Digital assets	<u>88,625</u>
Total assets	<u>\$ 1,044,154</u>

NET ASSETS

Liabilities

Accrued expenses	<u>\$ 4,968</u>
------------------	-----------------

Total liabilities	4,968
--------------------------	-------

Net assets without donor restrictions	<u>1,039,186</u>
--	------------------

Total liabilities and net assets	<u>\$ 1,044,154</u>
---	----------------------------

See notes to financial statements.

ENDAOMENT, INC.
STATEMENT OF ACTIVITIES
Year Ended June 30, 2021

Revenue and other support

Contributions	\$ 3,201,714
Contributed licensed software and services	63,400
Service fee and other income	25,096
Loss on digital assets	<u>(35,118)</u>
Total revenue and other support	<u>3,255,092</u>

Expenses

Program services	
Salaries, taxes, and benefits	8,294
Grants and philanthropic distributions	1,890,500
Technology	133,513
Crypto currency transaction fees	<u>31,033</u>
Total program services	<u>2,063,340</u>

General and administrative

Salaries, taxes, and benefits	33,175
Professional fees	49,730
Other	<u>10,201</u>

Total general and administrative	<u>93,106</u>
----------------------------------	---------------

Fundraising

Professional fees	<u>59,460</u>
-------------------	---------------

Total expenses	<u>2,215,906</u>
----------------	------------------

Change in net assets without donor restrictions	1,039,186
--	-----------

Net assets without donor restrictions, beginning	<u>-</u>
---	----------

Net assets without donor restrictions, ending	<u>\$ 1,039,186</u>
--	----------------------------

See notes to financial statements.

ENDAOMENT, INC.
STATEMENT OF CASH FLOWS
Year Ended June 30, 2021

Cash flows from operating activities

Change in net assets	\$ 1,039,186
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Net realized loss on digital assets	35,118
Change in operating assets and liabilities:	
Donor-advised funds	(784,265)
Digital assets	(123,743)
Prepaid expenses and other assets	(861)
Accrued expenses	<u>4,968</u>
Net cash provided by operating activities	<u>170,403</u>

Net change in cash and cash equivalents 170,403

Cash and cash equivalents, beginning -

Cash and cash equivalents, ending \$ 170,403

See notes to financial statements.

NOTE 1 – ORGANIZATION

Endaoment, Inc. (the Organization) is the donor-advised fund (DAF) provider for digitally native investors, leveraging blockchain technology to revolutionize charitable giving with industry-low fees and a commitment to transparency and efficiency. As the first qualified 501(c)(3) community foundation built natively onchain, the Organization offers a unique platform for the internet generation to support over 1.8 million qualified 501(c)(3) U.S. nonprofit organization with cryptocurrency and cash.

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The accompanying financial statements are presented in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

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 revenue and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

The Organization considers all cash and highly liquid financial instruments purchased with maturities of three months or less, to be cash and cash equivalents. Cash and cash equivalents consist of interest-bearing deposits.

Donor-advised Funds

Donor-advised funds are available for distribution upon recommendation by the donor and approval of the Organization's Board of Directors. Donor-advised funds are held in USD Coin (USDC). USDC is a stablecoin which can be redeemed one USDC for one U.S. dollar on demand. The stablecoin is accounted for under FASB ASC 310, *Receivables*, because it is contractually redeemable for cash.

Digital Assets

Digital assets, (predominantly Ethereum) are included in assets in the accompanying statement of financial position. The classification of digital assets as an asset has been made after the Organization's consideration of the consistent daily trading volume on cryptocurrency exchange markets, there are no limitations or restrictions on the Organization's ability to sell Ethereum. Cryptocurrencies purchased are recorded at cost and cryptocurrencies awarded to the Organization through its activities are accounted for in connection with the Organization's revenue recognition policy disclosed below.

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (Continued)

Digital Assets (Continued)

Cryptocurrencies held are accounted for as intangible assets with indefinite useful lives. An intangible asset with an indefinite useful life is not amortized but assessed for impairment annually, or more frequently, when events or changes in circumstances occur, indicating that it is more likely than not that the indefinite-lived asset is impaired. Impairment exists when the carrying amount exceeds its fair value, which is measured using the quoted price of the digital asset at the time its fair value is being measured. In testing for impairment, the Organization has the option to first perform a qualitative assessment to determine whether it is more likely than not that an impairment exists. If it is determined that it is not more likely than not that an impairment exists, a quantitative impairment test is not necessary. If the Organization concludes otherwise, it is required to perform a quantitative impairment test. To the extent an impairment loss is recognized, the loss establishes the new cost basis of the asset. Subsequent reversal of impairment losses is not permitted. No impairment was determined to have existed as of June 30, 2021.

Net Asset Classification

Net assets, revenue and other support are classified based on the existence or absence of donor or grantor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

- *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- or grantor-imposed restrictions. Some donor- or grantor-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. During the year ended June 30, 2021, there were no net assets with donor restrictions.

Revenue Recognition

Contributions are recognized as revenue and other support in the period received. The Organization retains variance power, as defined by U.S. GAAP, over all charitable funds it receives and, as such, directs grants to organizations that will best fulfill the Organization's charitable mission. These funds are classified as contributions and recorded as net assets without donor restriction.

Contributed Licensed Software and Services

The Organization recognized contributed licensed software within revenue and other support. Contributed licensed software did not have donor-imposed restrictions.

Contributed licensed software was utilized in the program to facilitate donations and grants. In valuing contributed licensed software, the Organization estimated the fair value on the basis of estimates of tiered licensing fees that would be received for selling similar products in the United States.

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (Continued)

Contributed Licensed Software and Services (Continued)

The Organization received contributed licensed software valued at \$63,400 for the year ended June 30, 2021, which are included in expenses with program services for technology.

Grants and Philanthropic Distributions

Grant expenditures are recognized in the period the grant is approved, provided the grant is not subject to significant future conditions. Conditional grants are recognized as grant expense and as a grant payable in the period in which the grantee substantially meets the terms of the conditions. There were no conditional grants as of June 30, 2021.

Income Taxes

The Organization is exempt from income taxes under Internal Revenue Code §501(c)(3). Management has analyzed the tax positions taken by the Organization, and has concluded that, as of June 30, 2021, there are no uncertain positions taken or expected to be taken that would require recognition of a liability or disclosure in the financial statements. The Organization is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress.

Functional Expenses

The costs of providing the Organization's program and other activities have been shown on a natural and functional basis in the statements of activities. The Organization uses the direct method in charging expenses to each functional category based on direct usage or charge. Certain categories are attributable to more than one function and therefore, require allocation on a reasonable basis that is consistently applied. The expenditures allocated include employee salaries, employee benefits including payroll taxes, which are allocated on the basis of estimates of time and effort made by the Organization's management.

Change in Accounting Principal

During September 2020, the FASB issued Accounting Standards Update (ASU) 2020-07, *Not-for-Profit Entities (Topic 958); Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*, which requires a not-for-profit entity to present contributed nonfinancial assets in the statement of activities as a line item that is separate from contributions of cash or other financial assets. ASU 2020-07 also requires additional qualitative and quantitative disclosures about contributed nonfinancial assets received, disaggregated by category. This guidance is effective for fiscal years beginning after June 15, 2021, and early adoption is permitted. The adoption of this accounting standard did not have a material effect on the Organization's financial statements.

NOTE 3 – FINANCIAL ASSETS AND LIQUIDITY RESOURCES

Financial assets available within one year of June 30, 2021, to meet general expenditures include:

Cash and cash equivalents	\$ 170,403
Digital assets	<u>88,625</u>
	<u>\$ 259,028</u>

The Organization manages its liquidity following two guiding principles: operating within a prudent range of financial soundness and stability and maintaining adequate liquid assets to fund near-term operating needs.

NOTE 4 – RELATED PARTIES

The Organization recognized contributed licensed software for Endoament technology developed by its founder and Chief Executive Officer. During the year ended June 30, 2021, the Organization incurred \$63,400 of contributed licensing fees included in program expenses for technology.

NOTE 5 – SUBSEQUENT EVENTS

The Organization has evaluated subsequent events through March 12, 2024, the date on which the financial statements were available to be issued.