



Charity Token Pty Ltd 77655717883

## **Charity Token Fundraising Platform Full Product Disclosure Statement**

Effective Date: 17/10/2023

### 1. Introduction

The primary objective of this disclosure document is to delineate the terms and conditions governing the utilisation of our services. It is important to underscore that this disclosure is meant to serve as an informative guide and does not constitute financial advice. Furthermore, it is incumbent upon us to expound on the function and significance of a disclosure document. A disclosure, in the context of our services, assumes a pivotal role in the following ways:

- a. **Clarity and Transparency:** It facilitates clarity and transparency by elucidating the specific terms and conditions under which our services are offered. This transparency ensures that our clients or users are well-informed.
- b. **Legal and Regulatory Compliance:** It serves as an instrument for ensuring compliance with relevant legal and regulatory requirements. By outlining the terms of service, the disclosure helps safeguard both the service provider and the user from potential legal disputes.
- c. **Risk Mitigation:** A well-structured disclosure, as in this case, assists in the mitigation of risks. By clearly delineating the limitations and responsibilities associated with our services, it helps manage and reduce potential risks for both parties.
- d. **Guidance, Not Advice:** Importantly, the disclosure sets the expectation that the information contained within is intended as guidance rather than constituting formal financial advice. Users are encouraged to seek professional advice if they require personalised financial guidance.
- e. **Empowering Users:** It empowers our clients or users by providing them with the knowledge necessary to make informed decisions. This, in turn, promotes responsible usage of our services.

In conclusion, this disclosure document serves as an indispensable tool for maintaining transparency, regulatory compliance, and effective risk management. It is designed to empower users with essential information while emphasising that it does not replace personalised financial advice, which should be sought when needed.

### 2. Product Overview

- a. The Charity Token Platform is a cutting-edge ecosystem designed to enhance charitable fundraising for nonprofits, both locally and globally. It encompasses a mobile application and website that leverage digital currencies, NFTs, smart contracts, and cryptocurrency to facilitate secure and efficient donations, incentivizing participation and increasing revenue for charities and nonprofits listed on the platform. This innovative solution seeks to democratize and amplify philanthropy by connecting donors with verified nonprofit organisations, ensuring transparency, and making charitable giving not only accessible but also rewarding.

b. Using our platform entails certain risks that users should be aware of. These risks include potential cryptocurrency token losses due to security breaches, hacks, or exploitations, as well as inadvertent token transfers to incorrect accounts. Additionally, the value of tokens may experience significant volatility or decline owing to external market factors, and there is a possibility that tokens could become illiquid and difficult to sell. While we are committed to implementing robust security measures, it is crucial for users to exercise caution and stay informed about these risks when engaging with our platform.

### 3. Features and Benefits

a. Charity Token presents an innovative fundraising platform with a distinctive set of capabilities. These encompass, but are not limited to, the implementation of transparent financial transactions, leveraging non-fungible token (NFT) technology for fundraising initiatives, and employing decentralized protocols for swift cross-border fund transfers using cryptocurrencies. Furthermore, it acts as a comprehensive repository of accredited nonprofit organizations, streamlining the processes of donations, grants, and general fundraising efforts.

### 4. Fees and Charges

a. Charity Token Fees encompass a structured fee schedule designed to support the platform's operational sustainability and philanthropic initiatives. These fees include a 1% charge on all Charity Token transfers, ensuring a nominal contribution to platform maintenance. Additionally, a 2% fee applies to the sale of digital collectibles, contributing to the platform's continued development and expansion. Notably, there are no fees associated with donations made using USDT and Matic tokens, aligning with our commitment to facilitating cost-effective contributions. For users who prefer Stripe as their payment method, a fixed fee of \$0.45 is applicable to Stripe donations, aimed at covering transaction processing costs. These fees collectively enable Charity Token to provide a robust and sustainable platform for charitable endeavors while ensuring transparency and fairness in cost structures.

b. The calculation of fees within the Charity Token platform is driven by an automated process facilitated by preprogrammed smart contracts and code integrations, such as Stripe. These smart contracts are meticulously designed to execute specific instructions and calculations based on the type and size of the transaction.

It is important to note that Charity Token retains the ability to manually adjust the fees associated with the smart contracts that are directly owned and governed by Charity Token itself. However, it's essential to understand that the fees linked to third-party integrations or providers, such as Stripe, are beyond our direct control and cannot be altered by Charity Token.

Therefore, while we maintain flexibility in managing our own fee structures, we are obliged to adhere to the fee schedules established by external parties to ensure consistency and accuracy in transaction processing. This approach aims to provide a fair and transparent fee system for our users, while respecting the terms and conditions of our integration partners.

c. Charity Token (CHAT) fees play a crucial role in the sustainability and enhancement of our platform. When moving CHAT tokens, a 7% fee is applied, which is distributed as follows:

3% Shared Amongst CHAT Token Holders: Three percent of the fee is evenly distributed among CHAT token holders. This mechanism ensures that those who hold CHAT tokens are continually incentivized and rewarded for their participation.

2% Equally Distributed Amongst Listed Charities: Two percent of the fee is equally distributed among the charitable organizations listed on our platform. This contribution directly supports their missions and projects.

1% to Liquidity Pool: One percent of the fee is allocated to the liquidity pool. This step is taken to promote deflation and maintain upward liquidity pressure, thereby enhancing the overall stability and value of CHAT tokens.

1% to Charity Token Pty Ltd: One percent of the fee is allocated to Charity Token Pty Ltd. These funds are utilized to cover platform user costs, including network fees, NFT minting fees, and other blockchain-associated expenses.

These fees are an integral part of our commitment to transparency, security, and continuous improvement. They enable us to provide a seamless user experience, support charitable causes, and foster a vibrant ecosystem around CHAT tokens.

This fee breakdown ensures that the various stakeholders in the Charity Token ecosystem are rewarded and supported while also contributing to the platform's sustainable growth.

### c. Example of Fee Calculation for Stripe donations

Joe initiates a generous \$20 donation through the Charity Token platform, using Stripe as his payment method. The platform's automated smart contract and code integration process begin to calculate the associated fees.

Stripe, as a third-party payment provider, imposes a fee of 2.9% on the total donation, which amounts to \$0.58 (2.9% of \$20). Simultaneously, the Charity Token platform applies its own fee of \$0.50, specified within the platform's smart contract.

Therefore, from Joe's \$20 donation, a total of \$1.08 in fees is collected (\$0.58 by Stripe and \$0.50 by the Charity Token platform). Consequently, after the fee deductions, the charity receives \$18.92 (\$20 - \$1.08) directly in their designated bank account. This process ensures that the charity benefits from the majority of Joe's generous contribution, while the fees incurred cover transaction processing costs and platform maintenance.

## 5. Risks

a. Charity Tokens are unequivocally not intended or designed as an investment vehicle, nor do they represent any form of investment. The ChaT token is exclusively a rewards token and a medium for the transfer of value, with no additional financial implications. While it is possible for the token to be acquired through a secondary market, it is essential to emphasize that we do not endorse or support its purchase or investment for speculative purposes. Instead, the token is primarily meant for utilization within our loyalty reward program, exclusively accessible to donors through our mobile platform. Our primary focus remains on fostering philanthropic engagement and the facilitation of charitable contributions, rather than promoting it as a speculative asset.

b. Cryptocurrency tokens entail several inherent risks, including market volatility leading to fluctuations in token value, a lack of regulatory oversight due to their non-investment nature, security vulnerabilities, liquidity concerns, speculative behaviour, third-party integration risks, technology-related issues, potential legal and regulatory changes, misuse, scams, and user errors. Users should exercise caution, conduct comprehensive research, and be aware of these risks when engaging with Charity Tokens or any digital assets. Seeking professional advice and practicing prudent security measures are advisable to mitigate potential adverse consequences.

## 6. Liquidity

a. Charity Tokens' liquidity is primarily maintained within a decentralized exchange protocol known as Quickswap. The associated fees are intentionally structured to enhance the token's liquidity, although there might still be situations where liquidity remains relatively low. It is crucial to understand that Charity Token Pty Ltd lacks influence or control over the liquidity of Charity Tokens or any other token or coin featured on the platform.

b. Liquidity in the context of cryptocurrencies refers to the ease with which a particular digital asset can be bought or sold in the market without significantly impacting its price. A cryptocurrency with high liquidity typically has a large number of buyers and sellers, which results in narrower bid-ask spreads and more stable prices. Conversely, low liquidity can lead to price volatility, as a smaller number of market participants may have a greater impact on the asset's price. In the case of Charity Tokens, their liquidity is dependent on trading activities within the Quickswap exchange protocol, which can influence the ease of buying and selling Charity Tokens in the market.

## 7. Taxation

a. For individuals holding Charity Tokens for speculative investment, understanding potential tax implications is paramount. Tax treatment of digital assets like Charity Tokens varies by jurisdiction, necessitating compliance with local, national, and international tax laws. Capital gains tax may apply, requiring meticulous record-keeping of transactions. Reporting obligations could be mandatory, and seeking guidance from a qualified tax professional is highly recommended to ensure compliance. Importantly, some jurisdictions may offer an exception: if tokens held for speculative purposes appreciate in value and are subsequently donated to a charitable cause, the donor may not be liable for capital gains tax on the appreciated value. However, the application of this exception depends on local tax regulations and should be verified with a tax advisor. This clause serves as a general guide and should not be considered professional tax advice. Charity Token Pty Ltd disclaims responsibility for individual tax obligations, emphasizing the need for Holders to remain informed and meet tax obligations under applicable laws in their respective jurisdictions.

## 8. Regulatory and Legal Information

a. In Australia, the regulatory landscape for cryptocurrency and token-based products has historically been marked by a lack of comprehensive oversight and specific legal frameworks, creating a certain degree of ambiguity. This environment has often presented challenges and uncertainties related to issues such as taxation, security, and consumer protection. However, it is noteworthy that positive developments have transpired in this domain, with the Department of the Treasury signaling its intention to establish a regulatory framework for the cryptocurrency industry. Industry participants, including entities like Charity Token, are proactively aligning their practices with the forthcoming regulations. It is important to clarify that while we are taking measures to adhere to evolving regulatory requirements, Charity Token Pty Ltd does not assume liability for any potential regulatory changes, or the interpretations and implications thereof. Therefore, users are encouraged to stay informed and seek professional guidance to ensure their compliance with the prevailing and forthcoming legal frameworks.

b. Charity Token Pty Ltd, while committed to maintaining the highest standards of transparency and security, disclaims any liability for losses, damages, or adverse outcomes resulting from users' speculative activities within the digital asset space. It is strongly recommended that users exercise prudence, conduct thorough research, and seek

professional advice to mitigate potential risks and make informed decisions when engaging with digital assets.

c. More information can be found on the Australian Treasury Dept website and more specifically inside the “Regulating Digital Platforms” proposal paper.

<https://treasury.gov.au/consultation/c2023-427004>

## 9. How to purchase tokens to donate

a. To initiate the process of purchasing tokens for donation on the Charity Token platform, follow these steps:

b. Download and Install the App: Begin by downloading and installing the Charity Token mobile app or, if preferred, utilize a compatible third-party wallet provider like Metamask.

c. Fund Your Account: Fund your account with cryptocurrency by using the integrated fiat-to-crypto onramp available on our website and mobile app.

d. Acquire Matic Tokens: Purchase Matic tokens with the funds available in your account.

e. Swap for Charity Tokens (ChaT): If you intend to donate or utilize tokens on the platform, you can conveniently exchange Matic tokens for Charity Tokens (ChaT) either within the app or on your third-party wallet.

f. Choose a Charity: Browse and select a charity that resonates with your values and objectives.

g. Donate with Flexibility: When making your donation, you have the flexibility to contribute in Charity Tokens (ChaT) or Matic tokens.

h. Additionally, for users who choose to donate using Stripe on our mobile platform, we offer an added incentive, whereby you automatically earn 50 Charity Tokens (ChaT) per dollar donated. Soon, users will also have the opportunity to spend their ChaT tokens on digital collectibles, such as Fundies, which are fundraising NFTs accessible through our website and mobile platform, further enhancing the value and impact of your contributions.

## 10. Complaints and Dispute Resolution

a. Charity Token is committed to providing an efficient and effective process for addressing any concerns or disputes that may arise in the course of using our platform. If users have any complaints or disputes, they are encouraged to contact our dedicated support team at [inquiries@charitytoken.online](mailto:inquiries@charitytoken.online). Upon receiving a complaint, we will make every effort to acknowledge the issue within 7 days.

Our objective is to resolve all complaints and disputes in a timely and fair manner. Therefore, we strive to reach a satisfactory resolution within 60 days from the date of the initial complaint acknowledgment. However, in complex cases, the resolution may take longer, but users will be informed of the progress and any anticipated delays.

It is our aim to ensure that users have a positive experience with Charity Token, and this resolution process is designed to address any concerns promptly and fairly. We appreciate your understanding and patience as we work together to resolve any issues that may arise.

## 11. Contact Information

Charity Token Pty Ltd

80 Oxley Drive, Karalee, QLD, Australia 4306

<https://www.charitytoken.online>

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