

Continuous Agreement for Future Equity

(“CAFE” also known as a “Rolling SAFE”)

Now available for the first time, the CAFE is revolutionizing how pre-revenue, early-stage, and SMB owners and their advisors raise capital.

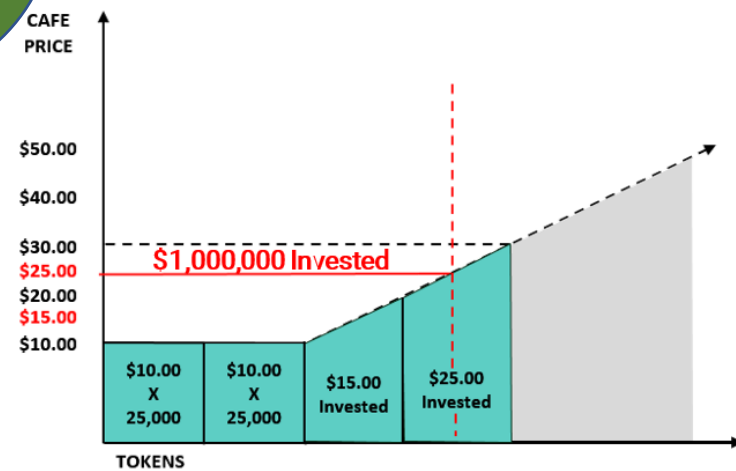
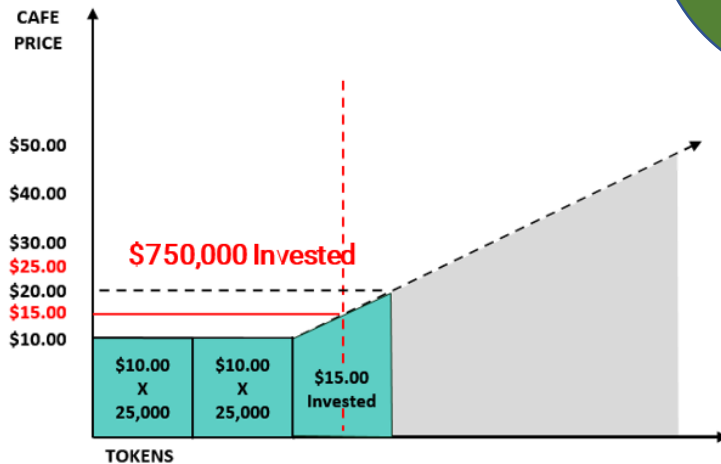
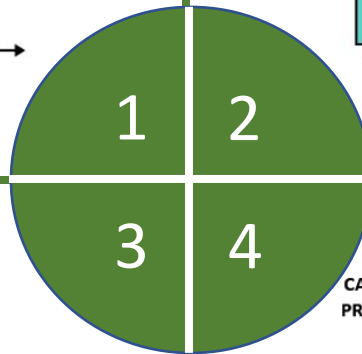
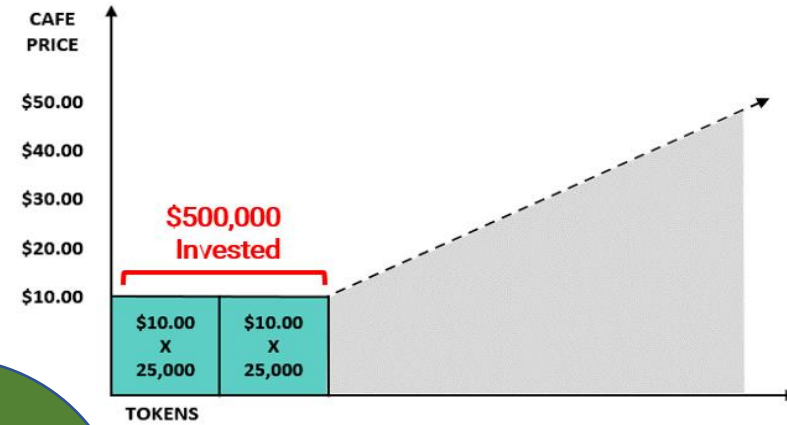
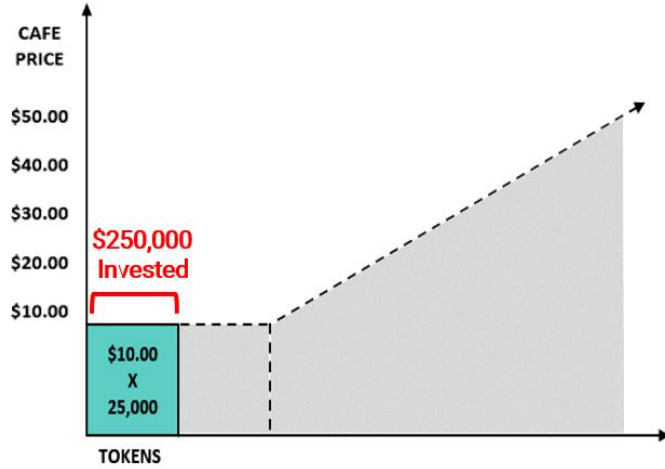
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1602	Common Stock	Investors buy the same stock as founders and receive no special privileges
1836	Preferred Stock	For early-stage investors seeking protection for downside risk
1850	Convertible Preferred Stock	Converts into common upon liquidation event
	Convertible Note	Debt, converts to equity at a discount
2006	Crowdfunding REG CF	2012 JOBS Act Projected to reach \$1 trillion by 2025 High risk / high failure rates / de-minimus investments / time consuming
2013	SAFE	Introduced in late 2013 by a startup accelerator Debt that converts into a future round of equity
2021	CAFE	Launched January 2021

The **CAFE (“Continuous Agreement for Future Equity”)** is a new, non-debt alternative to convertible preferreds, convertible notes, SAFEs, and crowdfunding.

It is an entirely re-invented security that delivers benefits to companies and investors not previously available, while solving concerns about dilution and the distraction of having to constantly raise more capital.

	CAFE Equity Reinvented	Convertible Preferred	SAFEs and Convertible Notes	Crowd Funding
1 Fixed Dilution	✓	✗	✗	✗
2 Continuous Investing	✓	✗	✗	✗
3 Open-ended, Unlimited Raise	✓	✗	✗	✗
4 Digital \$Token Registered on the Blockchain	✓	✗	✗	✗
5 Investor Liquidity via Automated Market System	✓	✗	✗	✗
6 Diverse Investor Community	✓	✗	✗	✓
7 Launch in as little as 4-6 weeks	✓	✗	✗	✗
8 Cost to Launch: \$24,500 - \$32,500	✓	✗	✗	✗



A company creates a CAFE with the following selected parameters:

Post-Money Company Valuation:	\$5,000,000	Initial \$Token Fixed Price:	\$10.00
CAFE Equity Allocation:	10% (\$500,000)	Initial Number of Tokens:	50,000

How do I create a CAFE?

Launching a CAFE is a Two-Step process, which only needs to be done once. Once launched, a CAFE can operate for years without any overhead or maintenance.

1. Decide on a name and an equity allocation. How much are you hoping to raise? How much equity do you want to allocate to your CAFE investors? Do you also want your employees to be incentivized with CAFE? Do you have a SAFE that your investors would want to convert to a CAFE?
2. Draft your Continuous Securities Offering, making all the decisions as to how the CAFE will operate when launched, during the time it is active and on conversion.

What does it cost and how long will it take to launch?

Our fees to create a CAFE and get it ready to launch range from \$24,500 to \$32,500 depending on the degree of customization and can take as little as four to six weeks to launch.

The host of the automated trading platform charges a monthly subscription fee of \$199. There is no charge to customize and integrate the platform to your website.

What is the “Initial CAFE Equity Allocation?”

This refers to 1) the original dilution percentage allocated to the CAFE and 2) the dollar amount of the minimum capital raise planned for the CAFE during which the \$Token price remains fixed.

Is there a minimum amount of money that can be raised with a CAFE?

Technically no, however launch fees can become excessive (>5%) if the dollar amount of the CAFE Equity Allocation is below \$10,000,000.

Can the company modify its equity allocation?

Yes, but by default only to the advantage of CAFE holders. The company can increase the equity allocation of the CAFE offering but can never decrease it.

Can the CAFE offering be paused?

Yes. The CAFE can be paused at the discretion of the Company.

Can I still issue Convertible Notes and other securities if I have a CAFE?

Yes – a CAFE can be launched independently or in addition to other ongoing fundraising activities.

Why invest in a CAFE?

The reasons for making an investment in a company's CAFE are the same as investing in any other security of the company: an expectation that the company will do well, and its value will increase. A unique feature of a CAFE is that it offers investors the opportunity to realize a gain in two ways:

- First, as a convertible security, the value of the CAFE increases when the value of the underlying shares increase.
- Second, after the expiration of any applicable holding period, an investor can trade their \$Token(s) on an open exchange, potentially realizing a gain if the price of the \$Tokens have increased.

How do I invest in a CAFE?

CAFE \$Tokens can be purchased directly through the company's website or app.

When will a CAFE convert to equity?

A CAFE converts to equity when a "triggering event" occurs.

- If the conversion results from an IPO, CAFE holders receive CAFE Preferred stock.
- If the conversion results from a sale of the company or a liquidation, CAFE holders receive their proportionate share of distributable proceeds based on liquidation priorities.

In the aggregate, the amount to be received by all CAFE holders will be based on the equity allocation chosen by the company when the CAFE was launched. Each individual CAFE holder will receive, in turn, their proportionate share based on their percentage ownership of the CAFE.

Where is my CAFE recorded?

The CAFE is a fully digital security. Proof of Participation is recorded on the Ethereum blockchain.

Why is there a "\$" sign in the word "\$Token?"

It's not a requirement, but most companies that launch a CAFE use the dollar sign to indicate the security is a digital token.

Today, tokens and cryptocurrencies are still controversial and often show erratic and unpredictable behavior. Should I worry about that?

No. Although CAFE tokens are registered on the Ethereum blockchain for the ultimate security, and trade freely once any applicable holding period has expired, tokens are not cryptocurrencies. A CAFE token cannot be used to purchase goods and services. CAFE tokens change value based on how many tokens have been purchased and how much money has been invested in the CAFE. They are not tied to, and do not change value based on, any external cryptocurrency.

Can I sell \$Tokens before the CAFE converts to equity?

Yes. By default, \$Tokens issued under a Reg D 506(b) or 506(c) exemption can trade any time after a one- year lockup period; \$Tokens issued under a Reg A+ exemption do not have a lock-up period and can be traded at any time.

Does the CAFE provide voting rights?

No. By default, the CAFE does not provide its holders governance or information rights.

What is an “accredited” investor?

To purchase CAFE \$Tokens, an investor must be “accredited” or subject to certain limitations, “sophisticated.” An accredited must qualify for at least one of the following requirements:

- A director, executive officer, or general partner of the Company.
- A person whose individual net worth or joint net worth with spouse (or spousal equivalent) at the time of purchase exceeds \$1,000,000 (excluding the individual's primary residence and any mortgage, if applicable)
- A person who had individual income in excess of \$200,000 in each of the two most recent years, or joint income with spouse (or spousal equivalent) in excess of \$300,000 in each of those years and has a reasonable expectation of reaching the same level of income in the current year.

What is a “sophisticated” investor?

“Sophisticated” investors are permitted to purchase CAFE securities under Reg D 506(b) even if they are not accredited. To qualify, an investor must “have superior knowledge of business and financial matters” and “have sufficient knowledge and experience in financial and business matters to make them capable of evaluating the merits and risks of the prospective investment.”

What is Blockchain?

A blockchain is a *continuously updated ledger of transactions* consisting of a permanent real-time electronic ledger, or “chain,” of transactions. Think of a real estate chain of title, except that a blockchain can be applied to almost any asset, in an instantaneous and secure fashion. What makes the technology an improvement over traditional paper-based ledgers is that it does not rely on a single intermediary since transaction records are distributed on a network of different servers or “nodes.” Each node retains a separate copy of the ledger, and accordingly, blockchain is often referred to as distributed ledger technology.

What is a Smart Contract?

Smart contracts are algorithms parties can store on a blockchain to automatically generate certain instructions if certain pre-agreed events occur. For example, banks could use a smart contract to automate dividend or interest payments, certain corporate action payments, and termination payments upon maturity. Such payments could be contingent on certain specified conditions. External data sources that have been pre-agreed between the parties could be incorporated into trade and collateral valuation and termination payment calculations.

What is a “non-custodial” wallet?

A Non-Custodian Wallet of Digital Tokens (and/or Virtual Currencies) refers to a digital Wallet in which Digital Tokens (and/or Virtual Currencies) may be deposited and held, whose user holds its own private keys to access.

A Third-Party Non-Custody Wallet Provider is any Legal Entity that provides applications to hold, safeguard and transfer Digital Tokens (and/or Virtual Currencies), but that is not in possession of the private cryptographic keys of its clients.

Why choose 5th Avenue Capital to launch your CAFE?

5th Avenue Capital provides Strategic Advisory and Investment Banking Services to Humanitarian Projects, Startups and Construction Projects. They offer a unique combination of comprehensive legal and business advisory services to each CAFE they create for their clients. Going far beyond what would be available from a traditional law or investment banking firm. Worthy Domes Corporation was among the first to launch a CAFE and was instrumental in recrafting the CAFE Offering document template to make it significantly more robust for business owners, all delivered in less time and at significantly lower cost.



Reagan Rodriguez is a Futurist and manages an international foundation made up of legacy families, as well as a YieldCo that is not about wealth creation, but rather wealth preservation.

Rodriguez is prohibited to solicit by both Funds, so he does not solicit or induce clients to work with him. Reagan only partners on an invitation basis. He is a silent partner that is very “hands-on” and takes his fiduciary duty very seriously with great responsibility in this role.

It’s a different sort of club and we mirror that, if we do things right, we will meet the right people and have strong relationships with a handful of people. We play the long game. We do not hold a high yield / quick-on-our-money focus. Reagan, currently splits his residences between Miami, Florida, Puerto Rico, and San Miguel de Allende.

In addition to our highly specialized CAFE services, we offer a comprehensive suite of business services specifically tailored to pre- and early-stage companies as well as SMBs:

Strategic Business Planning

- Comprehensive financial modeling, including three-statement financials
- KPI management
- Restructuring & turnaround services
- Organizational process and cost optimization

Blockchain & CAFE Central Webpage Corporate

Formation and Capital Restructuring

- Optimizing corporate structure
- Stock option plans
- Tax planning / transfer pricing

Contracts

- Stock purchase / asset purchase agreements
- Confidentiality and non-circumvention agreements
- Employment and independent contractor agreements
- Web operator disclosures

Equity Financing

- Pitch decks
- Cap tables
- Stock registrar management
- Common and preferred stock
- Convertible notes / SAFEs / CAFÉs
- Private placements
- Investor onboarding

360° CAFE Launch Package

Exit Planning Strategies and Execution

- Valuations
- Investor returns and multiples

Contract Negotiations

- Mergers & acquisitions
- Key executives
- Advisors

SEC Registrations / Exemptions

Regulations A+, Reg D (506b, 506c), Reg S, Reg CF

Executive Services

- Intermediation and dispute resolution
- Executive mentoring

Advanced Custom Templates

to facilitate accurate and complete data gathering for corporate and federal reporting and filing purposes

"SAFE HARBOR" EXEMPTIONS UNDER REG D

	Rule 506(b)	Rule 506(c)
Permitted Investors	Accredited investors, service providers and up to 35 non-accredited investors, as long as the non-accredited investors are "sophisticated."	Accredited investors and service providers only.
Verification of Accredited Investors	Issuer may rely on a statement by the investor to reach a reasonable belief that he, she, or it is accredited	Verification of Issuer may rely on a statement by Issuer must verify that investors are accredited, typically by using a third-party like VerifyInvestor.
Dollar Limits	No limit on amount raised No limit on how much each investor can invest	No limit on amount raised No limit on how much each investor can invest
Total Number of Shareholders	In general, any company with more than 500 non-accredited investors or more than 2,000 total investors must become a full "reporting company" under the Exchange Act.	In general, any company with more than 500 non-accredited investors or more than 2,000 total investors must become a full "reporting company" under the Exchange Act.
Information Required	If the offering includes only accredited investors, no information is required by law (although it is advised to include information to inform investors and avoid Rule 10b-5 liability) If the offering includes even one non-accredited investor, the law requires that the issuer provide extensive information	No information is required by law (although it is advised to include information to inform investors and avoid Rule 10b-5 liability)
SEC or State Registration	No	No
Post-Sale Filings	Form D to the SEC Corresponding forms to each State where an investor lives."	Form D to the SEC Corresponding forms to each State where an investor lives.
Advertising	No advertising of actual deals permitted. Sales may be made only to investors with whom issuer has a pre-existing relationship.	Advertising of any kind is allowed (including Internet, TV, radio, etc.)

Pro Forma Cap Table

	1		2		3	
	Pre-CAFE		Formation of CAFE		CAFE EQUITY ALLOCATION	
	Shares	%	Shares	%		
COMMON STOCK						
Class A Shares	1,250,000	66.1%	1,250,000	59.5%	Pre-Money Valuation	\$5,000,000
Class B Shares	640,000	33.9%	640,000	30.5%	CAFE Equity Allocation - %	10%
	1,890,000	100.0%	1,890,000	90.0%	CAFE Equity Allocation - \$	\$500,000
CAFE PREFERRED					Price per \$Token	\$10.00
	0	0.0%	210,000	10.0%	Number of \$Tokens	50,000
	1,890,000	100.0%	2,100,000	100.0%		

Step 1. This is the current, pre-CAFE capitalization of the company.

Step 2. In Steps 2 and 3, the Company determines the dollar amount and percent of Equity to allocate to the CAFE. This determines the number of CAFE Preferred Stock that must be authorized and included in the Cap Table, diluting all pre-CAFE shareholders proportionally.

Step 3. The Company then determines the \$Token price. By dividing the dollar amount of the CAFE Equity Allocation by the \$Token price, the number of \$Tokens to be issued for the initial allocation is calculated.

NOTE! Unlike a SAFE, a CAFE is not debt, remains off-balance sheet, and doesn't restrict a company's borrowing capacity or coverage ratios.

Cap Table Waterfall⁽¹⁾

Security	Amount Invested	Pre-CAFE	Post CAFE	Distributable Proceeds				
				Scenario #1	Scenario #2	Scenario #3	Scenario #4	Scenario #5
				\$1,250,000	\$2,750,000	\$5,000,000	\$10,000,000	\$50,000,000
Convertible Note ("as-if" converted)	\$500,000	6.67%	6.00%	\$500,000	\$500,000	\$500,000	\$600,000	\$3,000,000
Series A Preferred	\$1,000,000	13.33%	12.00%	\$750,000	\$1,000,000	\$1,000,000	\$1,200,000	\$6,000,000
SAFE	\$750,000	10.00%	9.00%		\$750,000	\$750,000	\$900,000	\$4,500,000
CAFE Preferred	\$500,000		10.00%		\$500,000	\$500,000	\$1,000,000	\$5,000,000
Common								
Founders	\$50,000	60.00%	54.00%			\$375,000	\$1,050,000	\$5,250,000
Friends & Family	\$250,000	10.00%	9.00%			\$1,875,000	\$5,250,000	\$26,250,000
Total Common	\$300,000	70.00%	63.00%			\$2,250,000	\$6,300,000	\$31,500,000
	\$3,050,000	100.00%	100.00%	\$1,250,000	\$2,750,000	\$5,000,000	\$10,000,000	\$50,000,000

⁽¹⁾ Assuming a sale of 100% of the company

The “**Waterfall**” depicts the legal distribution priorities for components of capital in the event of a liquidity event.

- Senior securities, such as Convertible Notes and Preferred stock, have priority over more junior securities.
- Once senior securities are satisfied, junior securities begin to receive their proportionate share of proceeds.
- Convertible securities need to be “tested” to determine whether holders are better off receiving distributions based on the Note or whether distributions will be greater if converted to equity.
- Founder’s Equity begins to participate as soon as all senior securities are satisfied.
- This is an example of a “complex” capital structure. If your company has not issued higher priority securities, Founders begin to participate in distributions immediately after the CAFÉ is satisfied.

Thank you!

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