

ETC
Cooperative

April 2020 Board Package

May 19, 2020



etccooperative.org



Overview

- › April was the month where we “caught up” with our reporting backlog, publishing both the 2019 Retrospective and Q1 2020 transparency reports.
- › Work towards the Phoenix hardfork in early June remains on track.
- › Our various development and infrastructure projects continued, with updates in the remainder of this presentation.
- › Preparing for Consensus: Distributed event, which will be covered in the May board pack.

Protocol – Phoenix HF

- › ETC remains on-track for a successful Phoenix hardfork activation in early June.
- › etcnodes.org/phoenix dashboard shows current status
- › Classic Geth and Parity-Ethereum clients are deprecated and will not be updated for Phoenix. Node operators will need to switch to other clients.
- › Parity-Ethereum replacement OpenEthereum-3.0.0 has Phoenix support. Both Multi-Geth and Core-Geth have Phoenix support. Hyperledger Besu, our recommended client, has also been updated.
- › As of May 12th, [88% of mining hash](#) has confirmed readiness.



Development

- › Preparations for Phoenix hardfork underway by making ETC Coop node infrastructure ready and compatible with Phoenix.
- › EIP 1884 Analysis scripts running to understand its impact on ETC.
- › Besu Node instantiations from the Coop globally on Digital Ocean.
- › Work on the EEA testnet has gone underway with some challenges in development that were being addressed
 - › Incompatibility between Besu and Quorum discovered after testing things with smart contracts.
 - › This highlighted further work needed on the EEA specification.
- › Documentation of the onboarding of developers to the testnet is under way.



HYPERLEDGER
BESU



Infrastructure

- › Work to improve stability in BlockScout explorer for ETC, Kotti and Mordor.
- › Work on the Connex state channel has gone underway with some challenges in deployment encountered that are being addressed
 - › Discrepancies between AWS and Digital Ocean deployment.
 - › Development versus production environments.
 - › Issues with SSL certs.
 - › We are troubleshooting together with Connex.
- › ETC Cooperative is running the infrastructure to help support the Enterprise Ethereum Alliance testnet by providing nodes to support the network.

Governance

- › Release of extensive 2019 Retrospective report mid-month (46 pages).
- › [Blog post](#)

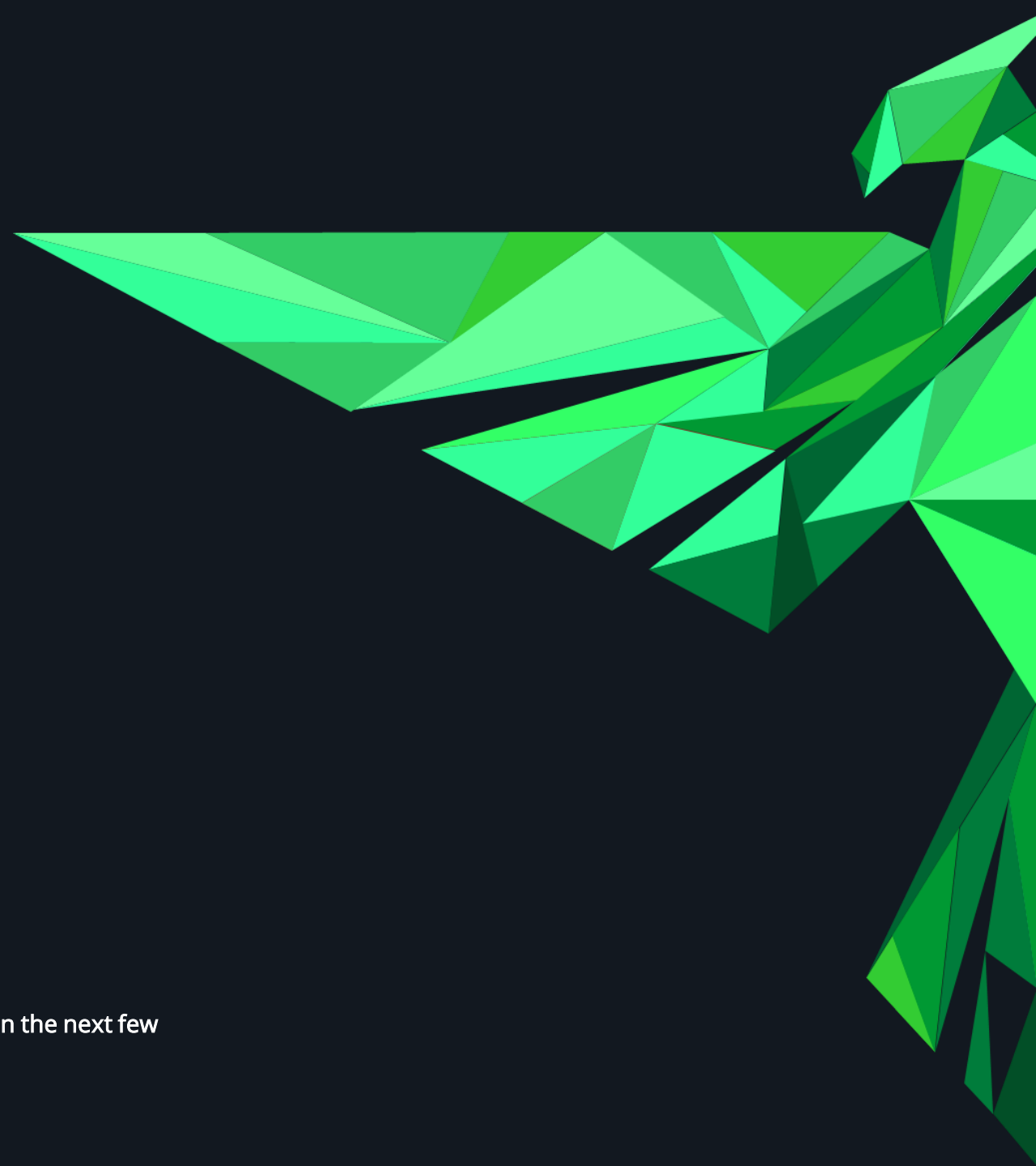


- › Release of Q1 2020 Transparency report at end of month (19 pages).
- › [Blog post](#)



Finance

While following general accounting practices and principles, the figures and charts in the next few slides, may not be in compliance with IFRS or FASB accounting standards.



Finance

Expenditures in \$US					
	April 2020 Actual	April 2020 Budget	Variance \$ Apr 2020 vs Apr 2020 Budget	April 2019 Actual	Variance \$ Apr 2020 vs Apr 2019
Overhead & Management	\$17,624	\$20,854	\$(3,230)	\$15,327	\$2,297
Development	\$10,249	\$10,000	\$249	\$9,200	\$1,049
Protocol	\$13,300	\$0	\$13,300	\$0	\$13,300
Comms & Marketing	\$260	\$9,378	\$(9,118)	\$645	\$(385)
Finance	\$4,120	\$5,325	\$(1,205)	\$0	\$4,120
Infrastructure	\$5,118	\$2,750	\$2,368	\$0	\$5,118
Partnerships	\$250	\$0	\$250	\$0	\$250
ETC Summit	\$0	\$0	\$0	\$5,000	\$(5,000)
Total Expenditures	\$50,920	\$48,307	\$2,614	\$30,172	\$20,748
<i>Non-cash Items</i>	<i>\$7,057</i>	<i>\$0</i>	<i>\$7,057</i>	<i>\$0</i>	<i>\$7,057</i>
Total Operating Expenses	\$57,977	\$48,307	\$9,671	\$30,172	\$27,805

- › Overall, expenditures were fairly consistent with the budget, however there was more technical work completed in the month, than budgeted. This was related to the Keccak 256 project work with Whiteblock and Besu Phoenix support, with Chainsafe. Travel and conferences have ceased, due to Covid-19, therefore Comms & marketing costs, are expected to be lower than budget, throughout the second and third quarters. Due to the worldwide economic uncertainty, the team is keeping all spending to a minimum.
- › There was minimal spending in April 2019, which consisted mainly of salaries and no protocol/infrastructure work.
- › Non-cash items consist of the write-off of sponsorship receivables from a previous ETC Summit, that are deemed uncollectable.

Finance

Expenditures in \$US					
	April YTD 2020 Actual	April YTD 2020 Budget	Variance \$ Apr YTD 2020 vs Apr 2020 Budget	April YTD 2019 Actual	Variance \$ Apr 2020 vs Apr 2019
Overhead & Management	\$71,408	\$84,167	\$(12,759)	\$84,925	\$(13,517)
Development	\$40,249	\$40,000	\$249	\$37,383	\$2,865
Protocol	\$38,850	\$41,600	\$(2,750)	\$62,500	\$(23,650)
Comms & Marketing	\$21,147	\$35,778	\$(14,630)	\$7,760	\$13,388
Finance	\$14,965	\$28,800	\$(13,835)	\$0	\$14,965
Infrastructure	\$14,453	\$12,080	\$2,373	\$0	\$14,453
Partnerships	\$5,042	\$0	\$5,042	\$0	\$5,042
ETC Summit	\$1,978	\$0	\$1,978	\$24,916	\$(22,938)
Total Expenditures	\$208,091	\$242,424	\$(34,334)	\$217,484	\$(9,393)
<i>Non-cash Items</i>	<i>\$23,686</i>	<i>\$0</i>	<i>\$23,686</i>	<i>\$0</i>	<i>\$23,686</i>
Total Operating Expenses	\$231,776	\$242,424	\$(10,648)	\$217,484	\$14,292

- › Overall, expenditures were lower in April YTD 2020 vs both budget and April YTD 2019 (excluding non-cash items). The largest variance with the budget relates to Comms & marketing costs as travel and conferences have ceased, due to Covid-19. Finance costs are also lower, due to both lower tax and finance consulting, than originally budgeted.
- › April YTD 2019 included a different headcount in Overhead & management and consisted of the second payment for the Kotti & Goerli project.
- › Non-cash items consist of the loss on sale of ETC, a small foreign exchange loss, and a write-off of accounts receivable.

Finance

Net (Loss)/Income in \$US			
	April 2020 Actual	April 2020 Budget	April 2019 Actual
Income	\$44,732	\$44,160	\$24,180
Operating Expenses	\$57,977	\$48,307	\$30,172
Net (Loss)/Income	\$(13,246)	\$(4,147)	\$(5,992)
<i>Non-cash items</i>	<i>\$7,057</i>	<i>\$0</i>	<i>\$0</i>
Adjusted Net Income	\$(6,189)	\$(4,147)	\$(5,992)

Net (Loss)/Income in \$US			
	April YTD 2020 Actual	April YTD 2020 Budget	April YTD 2019 Actual
Income	\$223,323	\$213,480	\$77,301
Operating Expenses	\$231,776	\$242,424	\$217,484
Net (Loss)/Income	\$(8,453)	\$(28,945)	\$(140,183)
<i>Non-cash items</i>	<i>\$23,686</i>	<i>\$0</i>	<i>\$0</i>
Adjusted Net Income	\$15,232	\$(28,945)	\$(140,183)

- › Net Income for the period was slightly higher than the budget and significantly higher than Q1 2019. This can be partially attributed to the higher ETC price in mid January and February, which is correlated to the ETC Fees received from Grayscale, as well as lower cash-costs. The net income of \$4,792 includes non-cash items, specifically the loss on the sale of ETC. Excluding this loss, the adjusted net income was \$21,421.
- › As at March 31, 2020, the ETC Coop held 8,163 ETC.

Finance

- › In January 2020, the Coop sold 7,500 ETC for an amount of \$56,400 USD, to help fund operations. This led to an increase in cash and decrease in ETC at book value.
- › There was a write-off of accounts receivable, due to a sponsorship receivable, from a past ETC Summit, that was deemed, uncollectible.
- › Accounts payable and accrued liabilities consist of April staffing costs, which will be paid in May.

Financial Positions in \$US					
	30-Apr-20	31-Mar-20	31-Dec-19	31-Dec-18	31-Dec-17
Assets					
Cash & Cash Equivalents	\$194,608	\$195,538	\$146,318	\$530,268	\$0
ETC (at book value) ¹	\$78,115	\$78,115	\$154,363	\$154,363	\$0
Accounts Receivable	\$5,000	\$12,057	\$12,057	\$7,057	\$0
Due from Grayscale	\$33,503	\$34,890	\$18,808	\$(6,729)	\$371,505
Prepaid Expenses & Deposits	\$3,484	\$1,500	\$2,250	\$0	\$0
Total Assets	\$314,710	\$322,100	\$333,796	\$684,960	\$371,505
Liabilities					
Accounts Payable & Accrued Liabilities	\$32,760	\$26,905	\$44,393	\$20,305	\$0
Due to Grayscale	\$0	\$0	\$(1,000)	\$3,022	\$131,864
Total Liabilities	\$32,760	\$26,905	\$43,393	\$23,328	\$131,864
Equity					
Retained Earnings	\$290,403	\$290,403	\$661,632	\$239,640	\$0
Net Income/(Loss)	\$(8,453)	\$4,792	\$(371,229)	\$421,992	\$239,640
Total Equity	\$281,950	\$295,195	\$290,403	\$661,632	\$239,640
Total Liabilities & Equity	\$314,710	\$322,100	\$333,796	\$684,960	\$371,505
<i>ETC at Market Value¹</i>	<i>\$52,818</i>	<i>\$40,386</i>	<i>\$72,540</i>	<i>\$81,430</i>	<i>\$0</i>
Liquid assets²	247,426	235,924	218,858	611,698	0

¹Book value is the value when the ETC was originally purchased. Market value is the value at the end of the reporting period (prices from Yahoo finance)

²Liquid assets consists of Cash & Cash equivalents plus ETC at market value.



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