



ETC
Cooperative

May 2020 Board Package

June 17, 2020



etccooperative.org



Overview

- › The primary event in the ETC ecosystem for May was the long-awaited Phoenix hard-fork, which happened on 31st May.
- › This brought Istanbul opcodes to ETC, such that ETC and ETH are 100% compatible for the first time in several years.
- › Our various development and infrastructure projects continued, with updates in the remainder of this presentation.
- › We participated in the Consensus: Distributed event.
 - › This was a one-hour virtual conference, featuring Bob and Yaz.
 - › There was a Q&A session, along with presentations.

Protocol – Phoenix HF - Nodes

- › ETC transitioned to Phoenix HF on Sunday 31st May.
- › <https://etcnodes.org/> dashboard shows current status.
- › Overall node count dropped from the 700-800 range which has been common for the last 6 months or so down to around 530 nodes.
- › Both Classic Geth and Parity-Ethereum reached end-of-life, so the drop-off in node count is not unexpected.
- › Here is the split by client:
 - › OpenEthereum 48%
 - › Core-Geth 28%
 - › Multi-Geth 23%
 - › Hyperledger Besu 1%



Protocol – Phoenix HF - Turbulence

- › The transition was not a completely smooth ride.
- › Both OpenEthereum and Hyperledger Besu had missing metadata which severely hindered their ability to find peers.
- › Fixes were rolled out the day after the fork for OpenEthereum and the following day for Besu.
- › This was **not** a chain-split, but a network-layer issue.
- › We are not aware of any exchanges or other node operators losing funds as a consequence.
- › [Ethereum Classic Post-Fork Turbulence](#) blog written by Isaac Ardis (Technical Lead, ETC Core) gives a more detailed technical summary.
- › There will be a post-mortem call.



Development

- › Consensus 2020: Development Activities in Ethereum Classic presentation given.
- › Finalized EIP-1884 Script run and determined everything was good to go for Phoenix.
- › Determined in EEA testnet meeting that technical issues need to be resolved between Besu and Quorum which needs to be resolved by engineers from both client software organization.
- › Troubleshooted bugs with developers in Discord for running nodes and funding testnet accounts.
- › Shutdown old nodes and usher crypto wallets to using Ethercluster endpoint via pull requests.
- › Worked on ECIP editing on the repo with other developers.



HYPERLEDGER
BESU



Infrastructure

- › Fixed more bugs in Blockscout in relation to the API and compiling smart contracts.
- › Instantiated two Keccak256 mining nodes on AWS for the testnet built by Whiteblock.
- › Instantiated 1 Keccak256 regular node on Google Cloud for the testnet built by Whiteblock.
- › Connex successfully deployed on ETC production. New phase underway with CI/CD integration and moving to a new box with new SSL certificate before announcement.
- › Updating new nodes in Parity to v3.0.1 to be compatible with Phoenix given the turbulence bugs post-fork.
- › Instantiated a Besu Archive node for Classic to be run for determining Blockscout compatibility with Besu.

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					
	May 2020 Actual	May 2020 Budget	Variance \$ May 2020 vs May 2020 Budget	May 2019 Actual	Variance \$ May 2020 vs May 2019
Overhead & Management	\$17,129	\$20,854	\$(3,725)	\$15,330	\$1,799
Development	\$12,000	\$10,000	\$2,000	\$9,675	\$2,325
Protocol	\$0	\$0	\$0	\$0	\$0
Comms & Marketing	\$269	\$6,765	\$(6,496)	\$3,714	\$(3,445)
Finance	\$1,560	\$5,325	\$(3,765)	\$2,592	\$(1,032)
Infrastructure	\$1,117	\$2,750	\$(1,633)	\$0	\$1,117
Partnerships	\$250	\$0	\$250	\$0	\$250
ETC Summit	\$0	\$0	\$0	\$4,111	\$(4,111)
Total Expenditures	\$32,325	\$45,694	\$(13,369)	\$35,422	\$(3,097)
<i>Non-cash Items</i>	<i>\$0</i>	<i>\$0</i>	<i>\$0</i>	<i>\$0</i>	<i>\$0</i>
Total Operating Expenses	\$32,325	\$45,694	\$(13,369)	\$35,422	\$(3,097)

- › Overall, expenditures were fairly minimal in May 2020 and thus lower than budget. Expenses mostly consisted of salaries and regular recurring expenditures. 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 and prioritizing technical work.
- › As there was minimal spending in May 2019, spending was consistent with May 2020.
- › There were no non-cash items in May 2020.

Finance

Expenditures in \$US					
	May YTD 2020 Actual	May YTD 2020 Budget	Variance \$ May YTD 2020 vs May 2020 Budget	May YTD 2019 Actual	Variance \$ May 2020 vs May 2019
Overhead & Management	\$88,537	\$105,021	\$(16,484)	\$100,254	\$(11,718)
Development	\$52,249	\$50,000	\$2,249	\$47,059	\$5,190
Protocol	\$38,850	\$41,600	\$(2,750)	\$62,500	\$(23,650)
Comms & Marketing	\$21,416	\$42,543	\$(21,126)	\$11,474	\$9,942
Finance	\$16,525	\$34,125	\$(17,600)	\$2,592	\$13,933
Infrastructure	\$15,570	\$14,830	\$740	\$0	\$15,570
Partnerships	\$5,292	\$0	\$5,292	\$0	\$5,292
ETC Summit	\$1,978	\$0	\$1,978	\$29,028	\$(27,050)
Total Expenditures	\$240,416	\$288,118	\$(47,703)	\$252,906	\$(12,491)
<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	\$264,101	\$288,118	\$(24,017)	\$252,906	\$11,195

- › Overall, expenditures were lower in May YTD 2020 vs both budget and May 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.
- › May 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			
	May 2020 Actual	May 2020 Budget	May 2019 Actual
Income	\$62,089	\$44,160	\$28,550
Operating Expenses	\$32,325	\$45,694	\$35,422
Net (Loss)/Income	\$29,764	\$(1,534)	\$(6,872)
<i>Non-cash items</i>	\$0	\$0	\$0
Adjusted Net Income	\$29,764	\$(1,534)	\$(6,872)

Net (Loss)/Income in \$US			
	May YTD 2020 Actual	May YTD 2020 Budget	May YTD 2019 Actual
Income	\$285,412	\$257,640	\$105,851
Operating Expenses	\$264,101	\$288,118	\$252,906
Net (Loss)/Income	\$21,311	\$(30,479)	\$(147,055)
<i>Non-cash items</i>	\$23,686	\$0	\$0
Adjusted Net Income	\$44,996	\$(30,479)	\$(147,055)

- › Net Income for the period was significantly higher than both budget and May 2019. This can be partially attributed to the higher ETC price in 2020, which is correlated to the ETC Fees received from Grayscale, as well as lower cash-costs.
- › As at May 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 May staffing costs, which will be paid in June.

Financial Positions in \$US						
	31-May-20	30-Apr-20	31-Mar-20	31-Dec-19	31-Dec-18	31-Dec-17
Assets						
Cash & Cash Equivalents	\$206,051	\$194,608	\$195,538	\$146,318	\$530,268	\$0
ETC (at book value) ¹	\$78,115	\$78,115	\$78,115	\$154,363	\$154,363	\$0
Accounts Receivable	\$5,000	\$5,000	\$12,057	\$12,057	\$7,057	\$0
Due from Grayscale	\$50,860	\$33,503	\$34,890	\$18,808	\$(6,729)	\$371,505
Prepaid Expenses & Deposits	\$2,117	\$3,484	\$1,500	\$2,250	\$0	\$0
Total Assets	\$342,143	\$314,710	\$322,100	\$333,796	\$684,960	\$371,505
Liabilities						
Accounts Payable & Accrued Liabilities	\$30,430	\$32,760	\$26,905	\$44,393	\$20,305	\$0
Due to Grayscale	\$0	\$0	\$0	\$(1,000)	\$3,022	\$131,864
Total Liabilities	\$30,430	\$32,760	\$26,905	\$43,393	\$23,328	\$131,864
Equity						
Retained Earnings	\$290,403	\$290,403	\$290,403	\$661,632	\$239,640	\$0
Net Income/(Loss) for the year	\$21,311	\$(8,453)	\$4,792	\$(371,229)	\$421,992	\$239,640
Total Equity	\$311,714	\$281,950	\$295,195	\$290,403	\$661,632	\$239,640
Total Liabilities & Equity	\$342,143	\$314,710	\$322,100	\$333,796	\$684,960	\$371,505
<i>ETC at Market Value¹</i>	<i>\$56,592</i>	<i>\$52,818</i>	<i>\$40,386</i>	<i>\$72,540</i>	<i>\$81,430</i>	<i>\$0</i>
Liquid assets²	262,644	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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