

ETC
Cooperative

Q1 2020 Transparency Report

April 30, 2020



etccooperative.org



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Purpose Transparency Report



The purpose of the report is to update **ETC Cooperative stakeholders and the public** about the activities, operations, and progress of the ETC Cooperative, during the last fiscal quarter.



These presentation will include a **financial section** as well as progress towards the annual goals and objectives.



A full 2020 annual report, similar to the 2019 retrospective will be completed in 2021.





Overview

- › The major event for ETC Cooperative during Q1 was the AGM where months worth of work on governance came to fruition.
- › New website is live, with all those documents and filings available.
- › ETC hardforked to Agharta in January.
- › We are on track for a successful Phoenix hardfork in June, though that has been a hard process, with three different rough consensus points and broken testnets on the way.
- › ETC Coop now hosting BlockScout for ETC, Mordor and Kotti.
- › Connex state channels will be live soon.
- › Whiteblock are working on Keccak256 hash algorithm testing.
- › Bob and Yaz are now both EEA Vice-Chairs for Technical Spec WG and Testnet WG respectively.



Protocol

- › ETC [successfully hardforked](#) to ETC Agharta on 11th January 2020.
- › There have been been three separate rough consensus points on the following hardfork (Aztlán, Aztlán + Phoenix, Phoenix):
 - › [ETC Phoenix hardfork](#) – 26th January
 - › [Core Devs Call – ECIP-1078 Phoenix Update](#) – 31st January
 - › [Update on ETC Phoenix Hardfork](#) – 28th February

- › ChainSafe have implemented Phoenix support for Hyperledger Besu.
- › We engaged Whiteblock to work on Keccak256 hash algorithm and [blogged about it](#) on February 10th.
- › Whiteblock released an article on April 8th [detailing their work](#).
- › ETC Cooperative has coordinated EIP-1884 Analysis on the upcoming Phoenix hard fork.

Infrastructure



Thanks to a small grant, we brought [Vyper support to ETC](#) in January



POA Network have been hosting an instance of the BlockScout block explorer since 2018 for the ETC mainnet. ETC Cooperative took over that role in January 2020, as well as hosting instances for the Mordor and Kotti testnets.



ETC Cooperative funded Connex to set up an ETC hub for their state channels solution. Work has begun and should come to fruition in Q2.



ETC Cooperative is running the infrastructure to help support the Enterprise Ethereum Alliance testnet by provided nodes to support the network.

Partnerships

- › Bob has been approved as Vice-Chair of the EEA Technical Spec WG and Yaz as Vice-Chair of the EEA Testnet WG.

- › Yaz has been giving online Webinars as part of the collaboration with Hyperledger where he discusses the Ethereum Stack



**ENTERPRISE
ETHEREUM
ALLIANCE**

A promotional poster for a Hyperledger Meetup event. The background is dark blue with a network diagram. It features three circular portraits of speakers: Felipe Faraggi, Yaz Khoury, and Laura Spinaci. The text provides event details and speaker bios.

**HYPERLEDGER
MEETUP**

Thursday, April 16th
8pm CEST / 2 pm EST

**Hyperledger Besu:
Hyperledger Ethereum
& Ethereum Stack**

| | | |
|---|--|--|
| Felipe Faraggi Developer Advocate PegaSys | Yaz Khoury Director of Developer Relations Ethereum Classic Cooperative | Laura Spinaci Founder Blockchain Mentoring Lab |
|---|--|--|

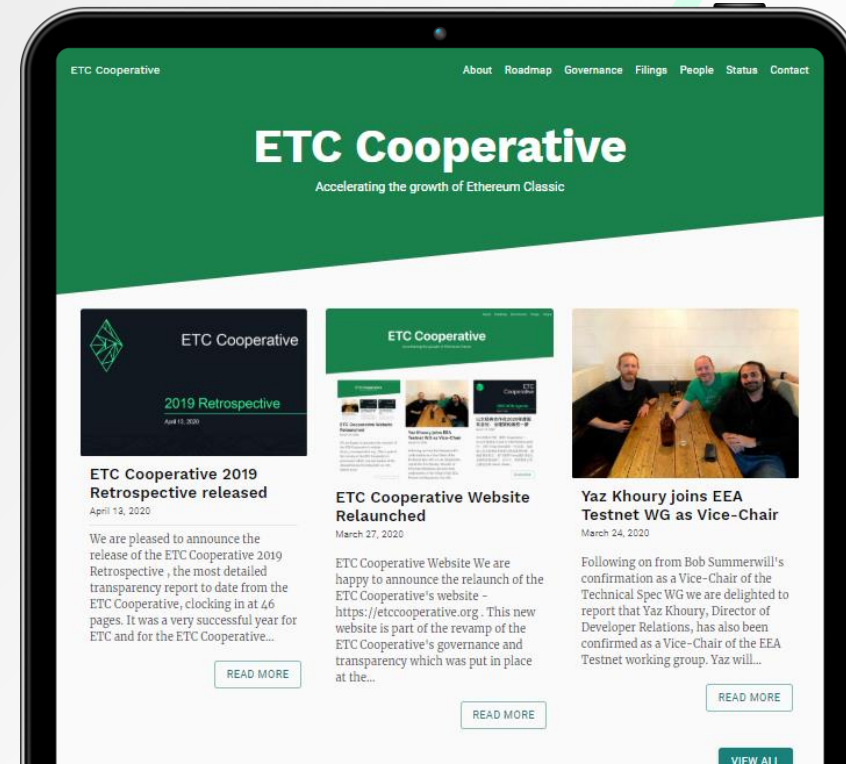
Zoom - April 16th 8 pm CEST / 2 pm EST

Comms and Marketing

- › Bob and Yaz attended and spoke at FOSDEM, ETHDenver, EEA Technical Spec meetings, ETHLondon and ETHCC prior to the coronavirus lockdown and made strong connections.
- › Bob has appeared on multiple podcasts and there has been ongoing ETC media coverage.



- › The etccooperative.org website was rebooted at the end of March after the AGM.
- › Switch from WordPress gives cost-savings, transparency, and also additional content.



Governance

AGM – March 17th

- › The major event for ETC Cooperative during Q1 was the **AGM** where months worth of work on governance came to fruition.
- › We added Elaine Ou, Roy Zou and Craig Salm to the Board of Directors.



- › [English](#) and [Chinese](#) blog posts (thanks to Roy for translation)
- › The ETC Cooperative website was [relaunched on 27th March](#), to ease the maintenance and to add the new governance content from the AGM.
- › Governance Manual, 2020 Budget, 2020 Roadmap and the Whistleblower, Gift & Donation, and Document Retention Policies were approved.

Other

- › 2019 Retrospective published on April 13th, 2020
- › Q1 Transparency report to be published by the end of April 2020.

Finance



Finance



Secured an extension to ongoing funding from Grayscale in January.



Signature Bank Account opened and operational.



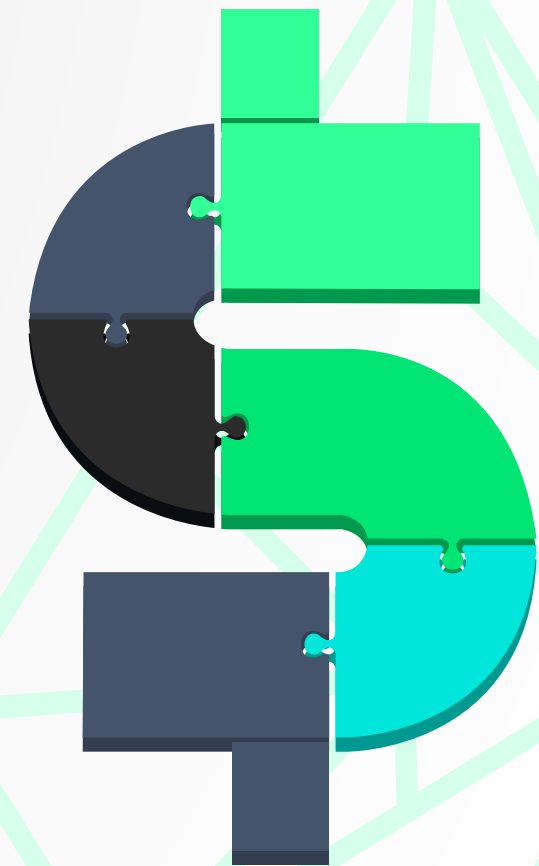
2020 Budget approved at March 17th, 2020 AGM.



Transition from Grayscale primarily completed in March 2020.



New chart of accounts, accounting software and expensify expense reporting integration completed.



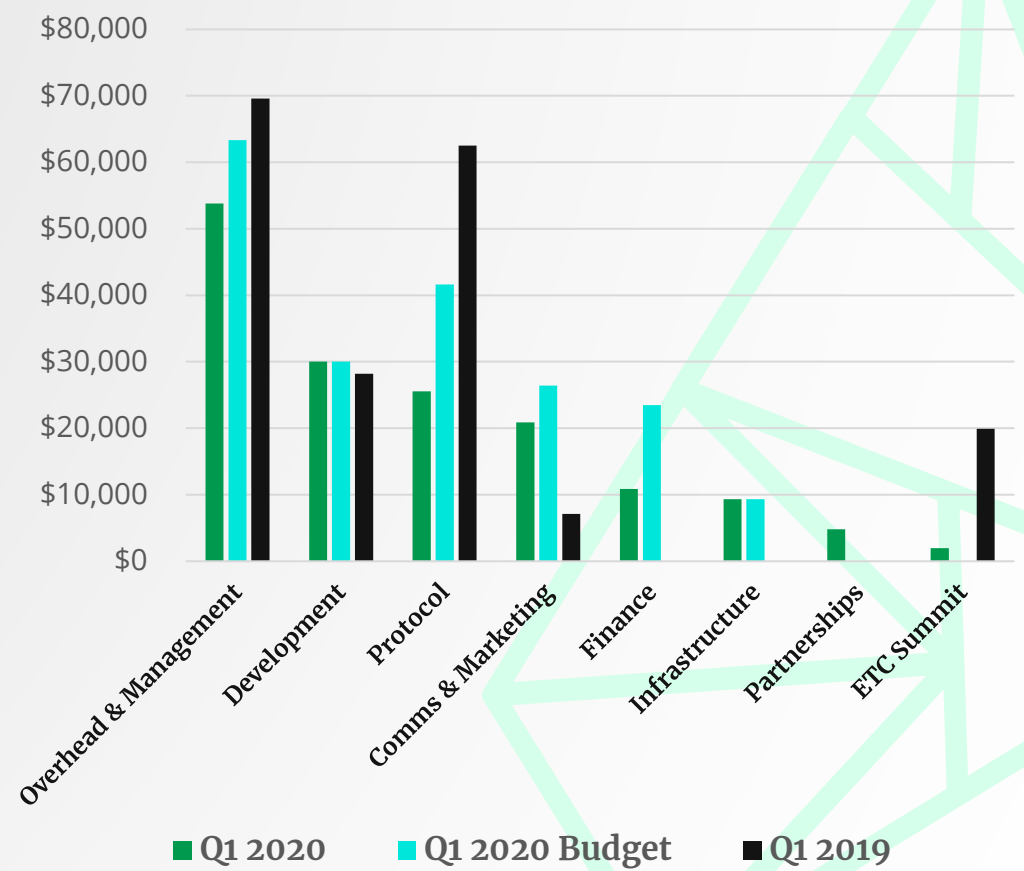
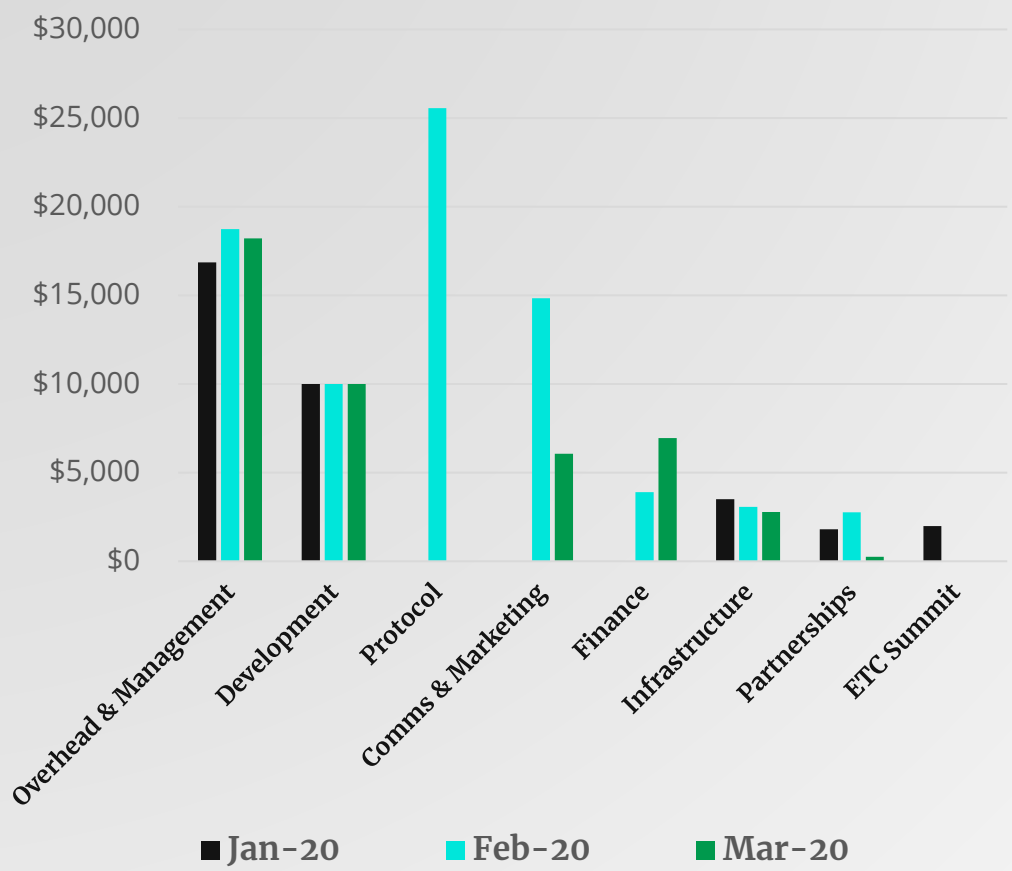
Finance

| Expenditures in \$US | | | | | | | | |
|---------------------------------|-----------------|-----------------|-----------------|------------------|------------------|---------------------------------------|------------------|--------------------------------|
| | January 2020 | February 2020 | March 2020 | Q1 2020 | Q1 2020 Budget | Variance \$ Q1 2020 vs Q1 2020 Budget | Q1 2019 | Variance \$ Q1 2020 vs Q1 2019 |
| Overhead & Management | \$16,847 | \$18,733 | \$18,204 | \$53,784 | \$63,313 | \$(9,529) | \$69,598 | \$(15,814) |
| Development | \$10,000 | \$10,000 | \$10,000 | \$30,000 | \$30,000 | \$0 | \$28,183 | \$1,817 |
| Protocol | \$0 | \$25,550 | \$0 | \$25,550 | \$41,600 | \$(16,050) | \$62,500 | \$(36,950) |
| Comms & Marketing | \$0 | \$14,835 | \$6,053 | \$20,887 | \$26,400 | \$(5,513) | \$7,115 | \$13,773 |
| Finance | \$0 | \$3,900 | \$6,945 | \$10,845 | \$23,475 | \$(12,630) | \$0 | \$10,845 |
| Infrastructure | \$3,503 | \$3,064 | \$2,767 | \$9,335 | \$9,330 | \$5 | \$0 | \$9,335 |
| Partnerships | \$1,792 | \$2,750 | \$250 | \$4,792 | \$0 | \$4,792 | \$0 | \$4,792 |
| ETC Summit | \$1,978 | \$0 | \$0 | \$1,978 | \$0 | \$1,978 | \$19,916 | \$(17,938) |
| Total Expenditures | \$34,119 | \$78,832 | \$44,219 | \$157,170 | \$194,118 | \$(36,947) | \$187,312 | \$(30,142) |
| Non-cash Items | \$16,329 | \$299 | \$0 | \$16,629 | \$0 | \$16,629 | \$0 | \$16,629 |
| Total Operating Expenses | \$50,449 | \$79,132 | \$44,219 | \$173,799 | \$194,118 | \$(20,319) | \$187,312 | \$(13,513) |

- › Overall, expenditures were lower in Q1 2020 vs both budget and Q1 2019. The largest variance relates to protocol projects, that may be shifted further into the year, as well as within in finance for tax related work, that may need to be incurred towards the second half of the year. Comms & marketing costs were lower than budget and will expect to continue this trend, as travel and conferences have ceased, due to Covid-19. Due to the worldwide economic uncertainty, the team is keeping all spending to a minimum.
- › Q1 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 and a small foreign exchange loss.

Finance

Expenditures in \$US



Finance

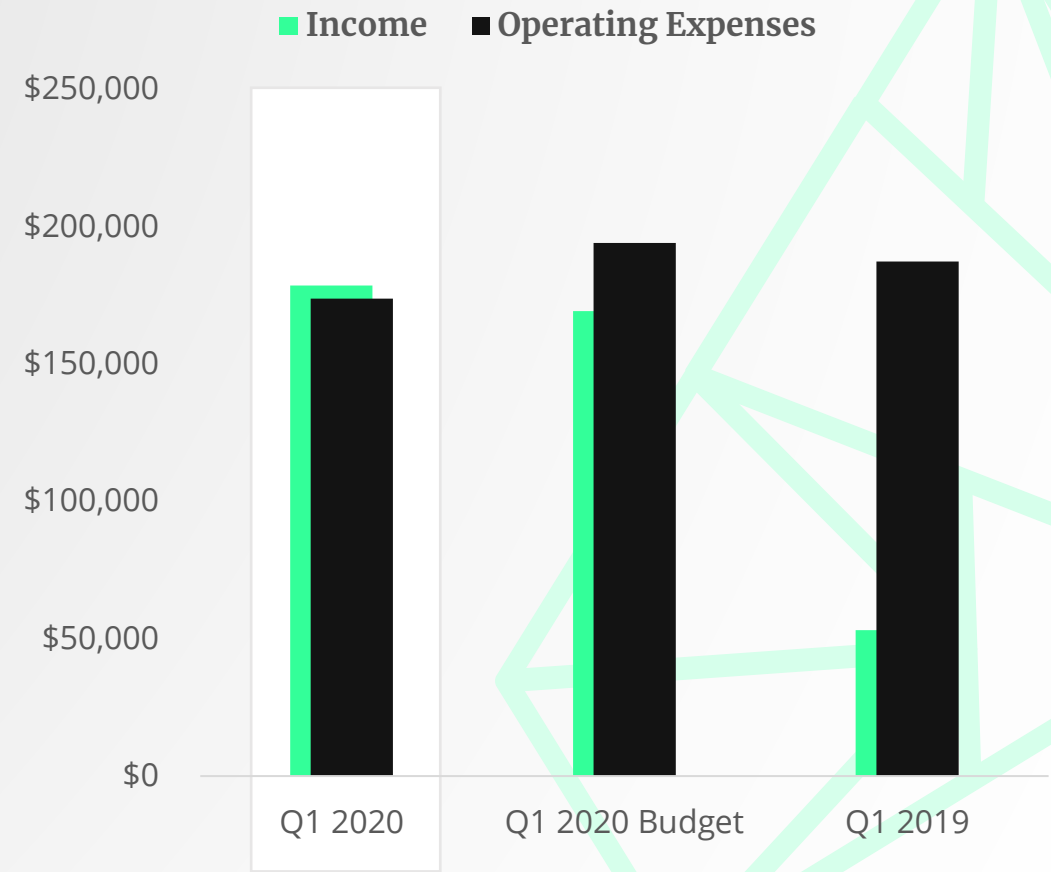
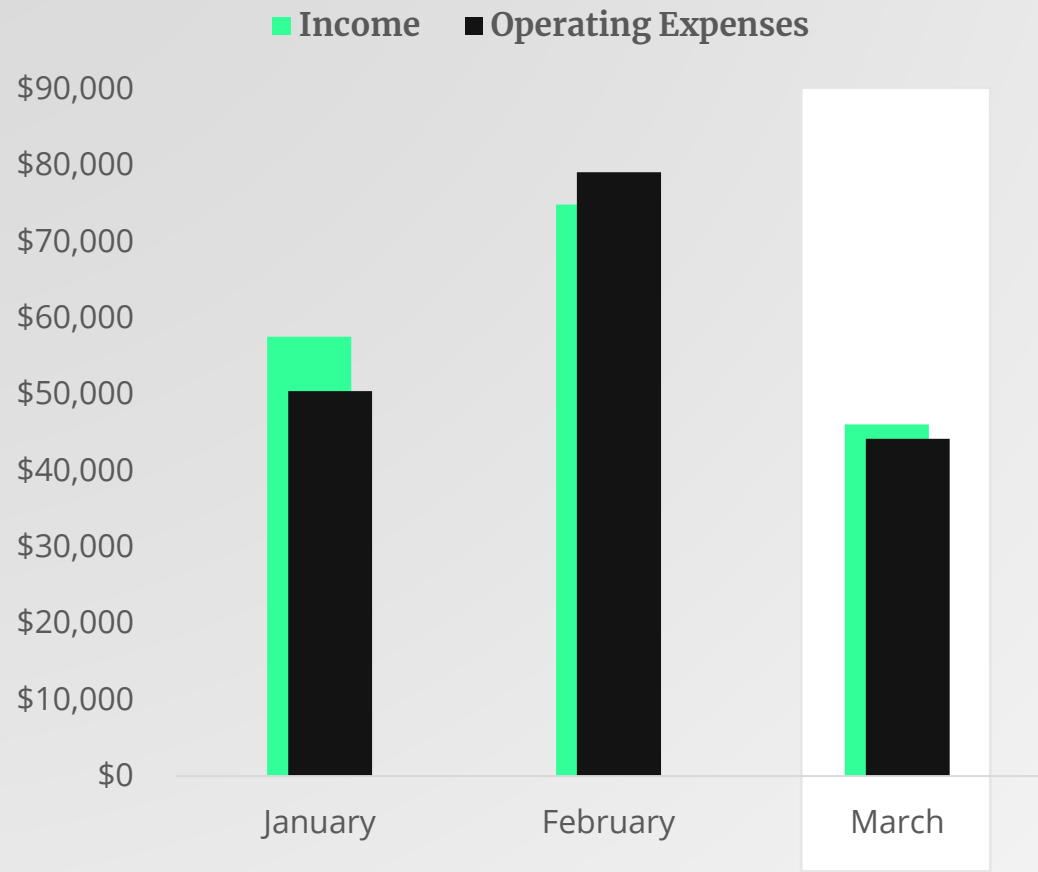
| Net (Loss)/Income in \$US | | | | | | |
|----------------------------|-----------------|------------------|----------------|-----------------|-------------------|--------------------|
| | January | February | March | Q1 2020 | Q1 2020 Budget | Q1 2019 |
| Income | \$57,586 | \$74,887 | \$46,119 | \$178,591 | \$169,320 | \$53,121 |
| Operating Expenses | \$50,449 | \$79,132 | \$44,219 | \$173,799 | \$194,118 | \$187,312 |
| Net (Loss)/Income | \$7,137 | \$(4,245) | \$1,900 | \$4,792 | \$(24,798) | \$(134,192) |
| Non-cash items | \$16,329 | \$299 | \$0 | \$16,629 | \$0 | \$0 |
| Adjusted Net Income | \$23,466 | \$(3,946) | \$1,900 | \$21,421 | \$(24,798) | \$(134,192) |

- › 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

Net (Loss)/Income in \$US



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.
- › The Coop has a receivable of \$7,057 from previous years ETC Summit sponsorship, that has been deemed uncollectible and will be written off in April 2020.
- › Accounts payable and accrued liabilities consist of March staffing costs, which will be paid in April

Financial Position in \$US

| | 31-Mar-20 | 31-Dec-19 | 31-Dec-18 | 31-Dec-17 |
|--|------------------|------------------|------------------|------------------|
| Assets | | | | |
| Cash & Cash Equivalents | \$195,538 | \$146,318 | \$530,268 | \$0 |
| ETC (at book value) ¹ | \$78,115 | \$154,363 | \$154,363 | \$0 |
| Accounts Receivable | \$12,057 | \$12,057 | \$7,057 | \$0 |
| Due from Grayscale | \$34,890 | \$18,808 | \$(6,729) | \$371,505 |
| Prepaid Expenses & Deposits | \$1,500 | \$2,250 | \$0 | \$0 |
| Total Assets | \$322,100 | \$333,796 | \$684,960 | \$371,505 |
| Liabilities | | | | |
| Accounts Payable & Accrued Liabilities | \$26,905 | \$44,393 | \$20,305 | \$0 |
| Due to Grayscale | \$0 | \$(1,000) | \$3,022 | \$131,864 |
| Total Liabilities | \$26,905 | \$43,393 | \$23,328 | \$131,864 |
| Equity | | | | |
| Retained Earnings | \$290,403 | \$661,632 | \$239,640 | \$0 |
| Net Income/(Loss) | \$4,792 | \$(371,229) | \$421,992 | \$239,640 |
| Total Equity | \$295,195 | \$290,403 | \$661,632 | \$239,640 |
| Total Liabilities & Equity | \$322,100 | \$333,796 | \$684,960 | \$371,505 |
| ETC at Market Value ¹ | \$40,386 | 72,540 | 81,430 | 0 |
| Liquid assets³ | 235,924 | 218,858 | 611,698 | 0 |

Book 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).

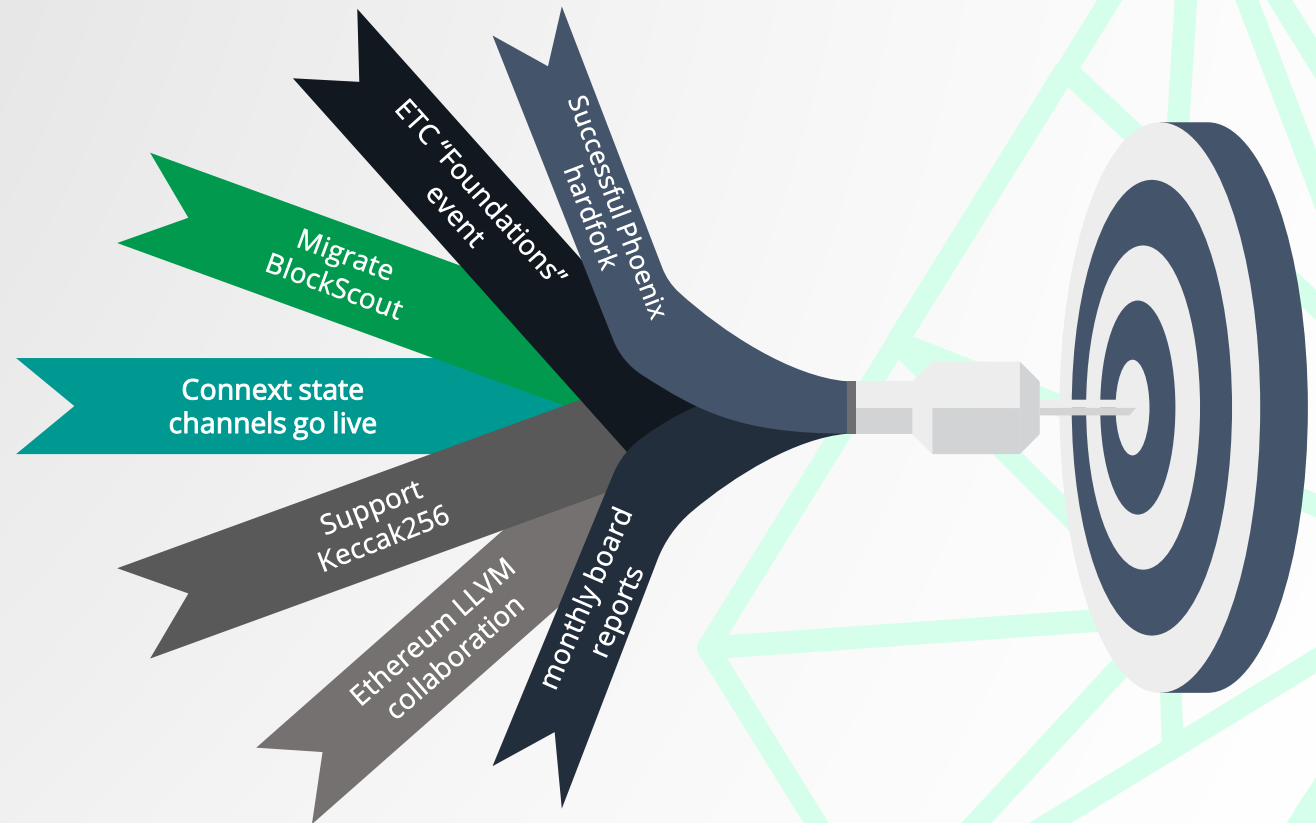
Goals & Objectives – Q1 Update

The quarterly update to the goals and objectives is too comprehensive to summarize. Please see separate workbook.



Goals & Activities planned for Q2

- Successful Phoenix hardfork due in June 2020
- ETC “Foundations” event as part of Consensus: Distributed in May
- Migrate BlockScout onto Hyperledger Besu
- Connex state channels go live
- Support Keccak256 outreach.
- Continue to foster Ethereum LLVM collaboration.
- Start monthly board reports and continue governance practices





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