Quarterly Report
Q1 2021

June 4th, 2021

Contents:

Mission, Vision, and Values

In our first quarterly report we shared our mission, vision, and values statement to serve as a guiding light throughout our growth and development as an organization. We will continue to highlight these at the beginning of every report to keep our ultimate goals fresh in mind.

Our Mission

Decentralize the ownership structures of the world's marketplaces.

Our Vision

Deploy a platform for the creation and operation of communal marketplaces as decentralized entities, build network effects around the platform via a suite of ancillary services and by fostering a third-party developer ecosystem, and leverage these network effects to supplant privately controlled marketplaces with districts that allow for open participation in the governance of markets.

Our Values

1. **Transparency** - Open and honest communication provides each person the opportunity to contribute in the most meaningful way.
2. **Autonomy** - We supply the tools and information to do the job, but trust one another to get that job done.
3. **Inclusion** - We welcome participation from all colors and creeds, across all borders and nationalities. We are empowered by the diversity of our ideas because competition breeds strength.
4. **Decentralization** - We seek the path of broadest consensus, and work to align motivations through incentives, not instigation.

Product

Ethlance

In the push to get Ethlance ready for deployment, we have successfully navigated through some challenges this quarter and have the project on a good trajectory. After getting the signup page ready to go, we started integrating GraphQL and developed most of the pages essential to the project's functionality.

We spent most of the quarter developing GraphQL functions to integrate with our systems and ran into many roadblocks. After some difficult dead ends, we decided to re-engage our district0x library. This has allowed us to use a lot of well vetted automatic functions that GraphQL was missing. The project is now back on pace and, pending implementation of the employer and arbitration pages, we are ready to launch a functional QA instance of Ethlance 2.0.

Name Bazaar

The year started with good progress and momentum on the Name Bazaar relaunch. This included updating the design patterns for DANK. We then ran into some delays in QA deployment but the work is back on track in the current staging environment and we are expecting good progress in Q2.

Hegex

We entered the new year with an entire specification for a new district, Hegex, which is a secondary options marketplace for decentralized options minted on the Hegic protocol. Experimental in form, Hegex allows users to wrap Hegic options into ERC721s, and then list and swap them in a peer-to-peer exchange leveraging the 0x protocol. Most of the first quarter was dedicated to finalizing and perfecting the core smart contract functionality we had built in Q4 2020. Once the most important wrapping, pricing, listing, and swapping features were developed, we pushed through some testing on the barebones UI on testnet.

Community

We had significant growth in engagement and community contributions this quarter. Contributions ranged from Discord & Social media engagement, District Registry activity, and Twitch Patronage. We hosted streams covering layer 2 scaling solutions currently in development. We dove into new educational content and use cases of those Layer 2 solutions in gaming, NFTs, and DEFI. We saw more districts challenged in the Registry and distributed the related bounties.

We also consolidated our community into Discord and shut down our Telegram channel. As a result of this consolidation, we have seen an increase in the quality of contributions. As a thank you, we ramped up community rewards for the new 'Core Community' Role in Discord.

We want to give a huge shout-out to the twitch subscribers this quarter. We have had an overwhelming outpouring of patronage and support on stream. This gave us the opportunity to donate a significant amount of money to Gitcoin grants. We are excited to see how this evolves in coming quarters.

Community-Led Initiatives

District proposals have continued to populate our registry. We also created a micro bounty for district discussions on Discord. The purpose of the bounty program is to incentivize collaboration and feedback between members. One of our larger district bounties collected went to Swag Station, an NFT focused apparel and physical goods marketplace. We look forward to more development and progress from the Swag Station Team.

Meme Factory

The community has provided a significant amount of feedback for Meme Factory. We have collected this in preparation for Meme Factory 2.0. The coming relaunch will include scaling solutions and some of the collected feature requests.
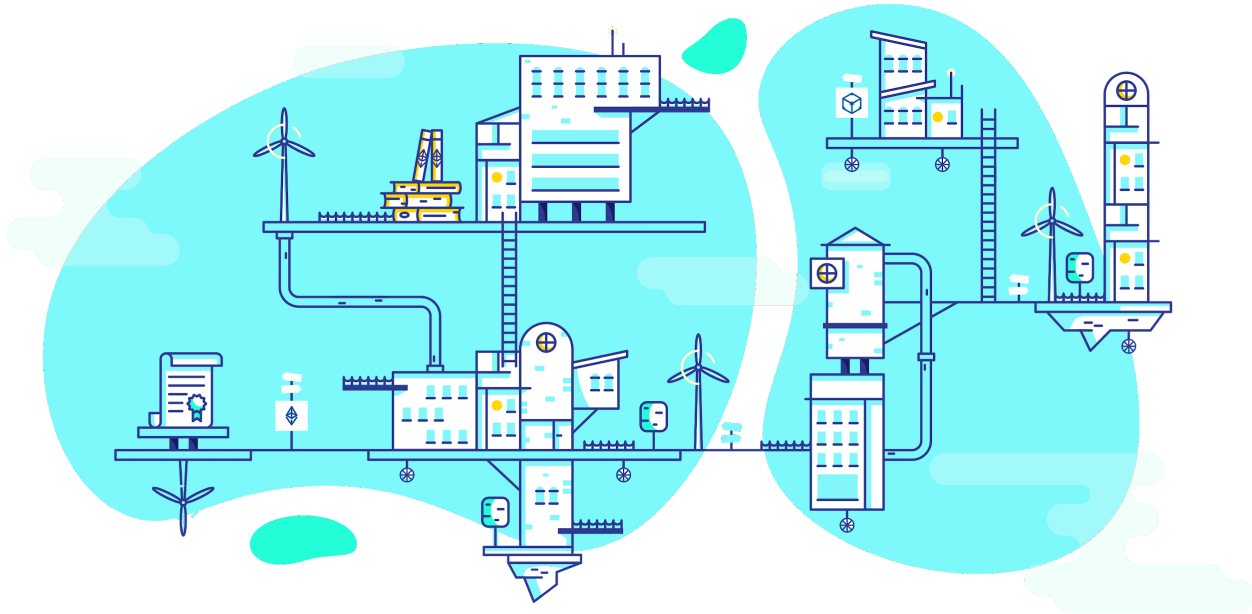
We also deployed Meme Factory on Testnet this quarter based on community feedback. This was in preparation for the requested incentivized testnet events and contests. This will save the community gas while still earning rewards. Stay tuned as we organize more events using this testnet version.

The Live Stream

The growth of our Twitch followers, subscribers, and donations has been overwhelming. We've continued to donate all stream revenue to Gitcoin grants during each round, which are in turn chosen by the stream. We also expanded the rewards in our Web3 loyalty store to include more DNT, ETH and game keys to Dark Forest. The stream hosted on demand educational content showing people how to set up hardware wallets.

During a new series, we spent time talking to notable guests including: Madis Nõmme, who's leading Ethlance 2.0 development, and Eric Gilbert-Williams of Enter Meme. As side project of the Meme Economy Subreddit. R/MemeEconomy is a gamified meme template community that has a lot of synergy with Meme Factory. The discussions surrounded, startup culture, Eric's podcast, and Web3 innovations for Web 2.0 devs.

We also had the chance to chat with Tasos, of the Red Lion Gazette, an NFT focused newsletter. The newsletter covers the history, culture, and community building NFTs. We discussed pet peeves, issues, and big events in the NFT space.

Financials

Balance Sheet

ASSETS

CURRENT ASSETS*	Q3 2019	Q4 2019	Q1 2020	Q2 2020	Q3 2020	Q4 2020	Q1 2021
BTC	$2,845,782	$1,875,120	$1,769,149	$2,285,054	$2,058,789	$5,364,711	$9,407,015
ETH	$1,770,767	$1,284,686	$1,331,305	$1,841,778	$2,920,962	$5,933,181	$9,579,150
DNT	$1,133,816	$988,061	$712,277	$1,097,042	$1,642,458	$8,676,106	$52,468,200
GRT	$0	$0	$0	$0	$2,000,000	$24,000,000	$114,666,667
KEEP	$85	$83	$64	$82	$1,279,688	$312,500	$485,417
Prepaid Expenses			$252,000	$238,000	$119,000	$0	$432,000
TOTAL CURRENT ASSETS	$5,750,450	$4,147,949	$4,064,795	$5,461,956	$10,020,896	$44,286,498	$187,038,449

LIABILITIES

CURRENT LIABILITIES	Q3 2019	Q4 2019	Q1 2020	Q2 2020	Q3 2020	Q4 2020	Q1 2021
Short-Term Debt	$0	$0	$0	$0	$0	$0	$0
TOTAL CURRENT LIABILITIES	$0	$0	$0	$0	$0	$0	$0

*Based on USD values taken from Etherscan or Coinbase on the first day
of the following quarter.

Income Statement

INCOME	Q3 2019	Q4 2019	Q1 2020	Q2 2020	Q3 2020	Q4 2020	Q1 2021
Revenues	$0	$0	$0	$0	$0	$0	$0
Cost of Goods Sold	$0	$0	$0	$0	$0	$0	$0
GROSS PROFIT	$0	$0	$0	$0	$0	$0	$0

EXPENSES	Q3 2019	Q4 2019	Q1 2020	Q2 2020	Q3 2020	Q4 2020	Q1 2021
Contractor Wage	$192,000	$192,000	$276,000	$180,333	$140,250	$119,582	$578,445
Technology and Development	$12,182	$9,042	$4,762	$10,034	$572	$5,823	$44,649
Marketing and Sales	$4,340	$0	$0	$0	$0	$2,125	$0
General and Administrative	$23,800	$40,483	$29,727	$29,449	$28,981	$30,254	$22,994
Other	$0	$0	$0	$0	$0	$0	$0
TOTAL EXPENSES	$232,321	$241,524	$310,489	$219,816	$169,804	$157,785	$646,088
OPERATING PROFIT	-$232,321	-$241,524	-$310,489	-$219,816	-$169,804	-$157,785	-$646,088

Summary

The first quarter of 2021 was full of fresh momentum. We started the year by hiring some new engineers that, alongside our other developers, reworked our stacks and workflows for staging environments for all our projects. QA testing for these applications has been standardized and are ready for implementation. We also worked hard this quarter assessing sidechain solutions for our scaling on Ethereum. Our thorough search led us to the conclusion that implementing true zk-sync rollups makes the most sense for us. They will maintain compatibility far into Ethereum's future and will add to the robustness of our stack.

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Learn More

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