Quarterly Report
Q2 2020

September 4th, 2020

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

Product development proceeded along three different threads in the second quarter, each of which was nearly independent from one another. First and foremost was a continuation of progress on Ethlance, including an unexpected rearchitecting of the database paradigm described below, as well as work on UI routers and Bounties network integrations, among much more.

Second was the series of improvements culminating in a long discussed and now complete migration of our server nodes from Parity to Infura. This generated a few follow-on problems, but served as the bulk of the post-launch updates to Meme Factory and the District Registry this Quarter.

Lastly, the District Designer, our WYSIWYG-style editor for new districts has seen massive leaps of progress, from just an idea we discussed and vaguely documented to a completely wireframed and exhaustively documented application in waiting.

Ethlance

Our renovation of our first ever application, dubbed Ethlance 2.0, has been the foremost product launch in our priority stack since the release of the District Registry. We kicked off the second quarter with quite a bit of work already under our belt in this regard, however, ongoing strain on the Ethereum network and the resultant fee environment led us towards a redesign pathway for the database paradigm where we could avoid some of the harshest UX pitfalls. This led the team to make the decision to deviate from our originally architected database, and instead opt towards an almost completely traditional webapp architecture based around a traditional SQL database, utilizing our on-chain resources only when absolutely necessary to secure payments.

Besides reworking into a more traditional SQL database schema, we also managed to integrate the [Bounties Network](#) contracts with our work contracts, ensuring that there would be a method to automatically import open bounties to Ethlance. This provides Ethlance with an entire new set of job listings from the get-go, and will ensure more cross compatibility in the future.

Much of the necessary server work to revise in the wake of our database schema change was completed this past quarter as well. The Ethlance UI, GraphQL scheme and router were constructed in full. An event store as well as an event replay system were built and battle tested, including a complete suite of admin tools for the purpose. Similarly to Meme Factory, we built a syncer and resolver to handle the remaining data relays.

As we wrapped up the quarter, we spent time hand-populating these systems with data in order to run the full set of tests against them. While this work proceeded, we have also been gunning down the work required for the front end, with page after page of Reframe being complete and GraphQL modules being linked in the process. With these complete and a data generator in hand, we were left in the middle of attempts to put all the pieces together moving into Q3.

d0xINFRA - District Registry + Meme Factory

Mentioned above, the major project for d0xINFRA this quarter was the finalization of our Infura node migration. Though this has bounced around in development for several quarters, new strategies have allowed us to overcome previous hurdles that lead to shelving development in the first place. With the Infura nodes in place, we transitioned to a period of deep testing on the live application to monitor for any of the kind of transient connection problems we had seen in the past.

This testing regime turned out to be quite fruitful. We noticed a flakiness in our websocket connections, but in particular, we noticed dropped connections only immediately *after* successful reconnection attempts. This led us to develop a function to step-down on reconnection attempts over time and eventually resolved the problem for us altogether.

Two other notable upgrades were made to d0xINFRA this quarter. The first involved an upgrade of IPFS versions - up to the latest version of IPFS 5. This required several bouts of retooling in our libraries, but was an otherwise straightforward migration once complete. Beside this, we also developed a change for our server architecture to account for EIP-55, an upgrade that accounts for how our server ingests and queries against Ethereum addresses, in particular how it handles capitalization.
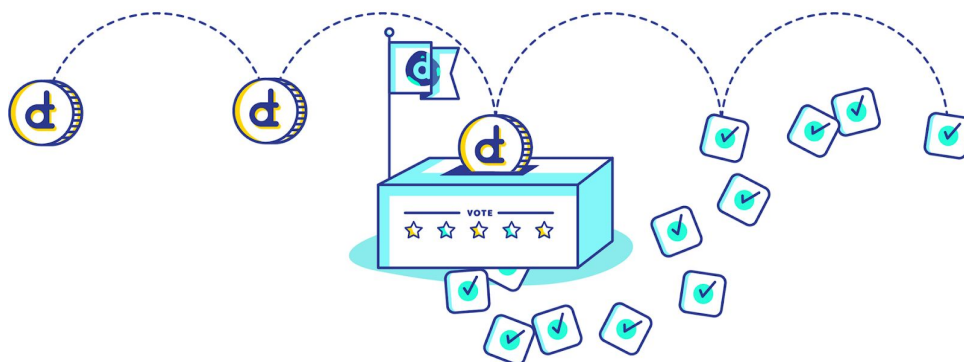
District Designer

The District Designer development has made major headway this past quarter, going from mere paper conception to an exhaustively wireframed application, with plenty more work being done at the contract level before the end of the quarter. We somewhat intentionally have gone through the entire cycle of feature-creep and the eventual culling of bloat *before* committing this application to the artistic design, in order to avoid reworking this later. This allowed us to try a variety of feature sets on for size. For instance, we developed a full specification for an ERC20 token creator, as well as a derivative TCR creator, based on our need for flexible token parsing and previous work we have done with similar ideas. Whilst fleshing these out in wireframes, it became obvious that some of the features would rarely be used and add some visual dead weight, and they were simply scrapped.
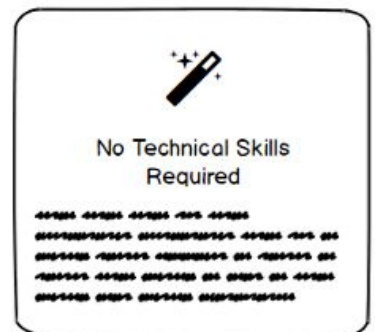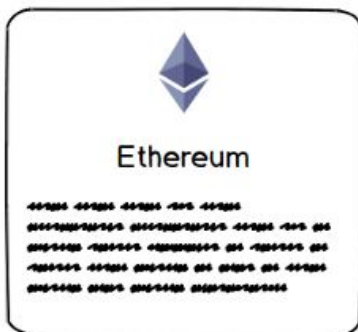
Community

Community management has been squarely focused on user onboarding for our Dapps and Ethereum as a whole. Onboarding users using our live stream [loyalty store](#) was a key community engagement initiative. We've also moved several programs forward that have been in the works during previous quarters. Namely, our [Verified artist program](#) for Meme Factory and a number of other initiatives outlined in a [recent blog post](#). We also used this opportunity to recap all of our historical rewards programs.

Additionally, we hosted a few community focused projects on various experimental platforms. Most notably, a jointly owned [Crypto Voxels parcel](#) was developed as part of our verified artist program. This was a way to allow a collaborative gallery that verified artists can participate in, and allowed artist's Memes on Meme Factory to be displayed in a virtual gallery in 3D.

The Live Stream

Our stream content continues to be dictated by our live [stream content polls](#). Based on these polls we have hosted educational content, community calls, community game nights, and industry news from popular newsletters like [Week In Ethereum](#) and [Messari](#). We have also [continued our bounties](#) for people who [clip and share](#) the content.

To push our stream incentives forward we expanded the items available in our [loyalty store](#). This was executed in a gamified structure geared towards younger demographics and gamers on Twitch. The Twitch community is a unique target audience for an onboarding solution like this.

The community game streams have been focused on Web3 native games and are a large source of the items you can find in our loyalty store "loot boxes". Some of these items are now available in our stream loyalty store. Additionally, stream points are now redeemable for DANK. In effect, stream points act as a hosted wallet solution right on Twitch. You can redeem your DANK simply by visiting the loyalty store. Finally, we provide a Metamask onboarding "Quest" that gives a stream viewer the opportunity to learn how to use Metamask and earn ETH, tokens, or NFTs.

As far as guests for the stream, we had the pleasure of hosting [Sandeep Nailwal](#) of [Matic Network](#) and [Lauren Garcia](#) of [Microsponsors](#). In these episodes we discuss everything from scaling, incentives, ethics, philosophy in Web3, and more.

We're excited to continue developing the initiatives deployed this quarter. Bringing Web3 to new people is paramount and our community is core to our vision. We will continue to take feedback on these programs and experiment with new ones in the coming quarters. Please consider [joining a live stream](#) if you want to get more involved. We're excited to see what ideas you can bring to our community.

Financials

Balance Sheet

ASSETS

CURRENT ASSETS*	Q4 2018**	Q1 2019**	Q2 2019	Q3 2019	Q4 2019	Q1 2020	Q2 2020
BTC	-	-	-	$2,845,782	$1,875,120	$1,769,149	$2,285,054
ETH	$4,709,421	$4,799,568	$8,658,559	$1,770,767	$1,284,686	$1,331,305	$1,841,778
DNT	$2,036,868	$2,952,186	$2,943,662	$1,133,816	$988,061	$712,277	$1,097,042
DAI	$806,800	$637,331	$0	$0	$0	$0	$0
MKR	-	$134	$115	$85	$83	$64	$82
Prepaid Expenses	-	-	-			$252,000	$238,000
TOTAL CURRENT ASSETS	$7,553,089	$8,389,219	$11,602,336	$5,750,450	$4,147,949	$4,064,795	$5,461,956

LIABILITIES

CURRENT LIABILITIES	Q4 2018	Q1 2019	Q2 2019	Q3 2019	Q4 2019	Q1 2020	Q2 2020
Short-Term Debt	$580,000	$580,000	$0	$0	$0	$0	$0
TOTAL CURRENT LIABILITIES	$580,000	$580,000	$0	$0	$0	$0	$0

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

**Includes 14,000 ETH held in Collateralized Debt Positions (CDPs)

Income Statement

INCOME	Q4 2018	Q1 2019	Q2 2019	Q3 2019	Q4 2019	Q1 2020	Q2 2020
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	Q4 2018	Q1 2019	Q2 2019	Q3 2019	Q4 2019	Q1 2020	Q2 2020
Contractor Wage	$211,047	$168,000	$687,409	$192,000	$192,000	$276,000	$180,333
Technology and Development	$37,133	$1,919	$15,990	$12,182	$9,042	$4,762	$10,034
Marketing and Sales	$9,499	$11,225	$36,461	$4,340	$0	$0	$0
General and Administrative	$29,299	$12,743	$23,800	$23,800	$40,483	$29,727	$29,449
Other	$0	$13,410	$2,300	$0	$0	$0	$0
TOTAL EXPENSES	$286,977	$207,298	$765,960	$232,321	$241,524	$310,489	$219,816
OPERATING PROFIT	-$286,977	-$207,298	-$765,960	-$232,321	-$241,524	-$310,489	-$219,816

Summary

Following the launch of the District Registry, the district0x project continues to focus on the major roadmap items laid out previously. Ethlance's remake, the launch of the District Designer, and the initial release of d0xInfra all continue to remain a development priority. As the wider crypto community sees a resurgence of activity surrounding transparency and governance, we are deep in research looking for new avenues to achieve our original dream of decentralized marketplaces on Ethereum.

Joe Urgo
joe@district0x.io

Learn More

For more information about the district0x Network:

- Check out our Education Portal
- Join the official Discord server or Telegram
- Watch our intro video and live streams on YouTube
- Subscribe to email updates or to our subreddit
- Follow us on Twitter and Facebook