district0x

Quarterly Report
Q3 2018

October 24th, 2018

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

In the third quarter, we spent most of our time and effort working on the processes required to develop future products in parallel. In line with our plan to decentralize development through the d0xTasks app mentioned in our previous report, this has involved bringing a new wave of service providers into the fold of development, and getting them up to speed on the architecture and homebrew libraries we build with. In doing so, we've been able to kick off the development of several new products and pieces required for the deployment of Meme Factory.

Meme Factory

Meme Factory is in the final stages of development. Every page has been built, linked to our server, and prepared for a testnet launch. This will allow us to smooth out and pixel hunt every last flaw in the final product by populating real blockchain data prior to the Mainnet release.

A complementary extension of the Meme Factory launch plan includes the construction of a DANK faucet. DANK is a new ERC20 token being minted to power the Dank Registry within Meme Factory. In order to enable completely uninitiated users to interact with our newest district, we must have some method of distributing tokens for free.

Likewise, in order to prevent abuse of this feature, we must limit the amount that any one person can acquire. To achieve this, we've churned through a novel implementation of a two-round-trip call out to the Twilio API that will allow us to issue a batch of tokens to a chosen address for every unique phone number verified. This, we believe, is the first of its kind for a token faucet, and will be funded well beyond the launch of Meme Factory through withheld tokens from the original DANK issuance.

Surveys

In order to include our community in the initial design specification of Meme Factory, and to assist in distributing DANK to interested and active community members, we constructed a [Survey dApp](#) and conducted a community design contest in order to collect content for survey participants to vote on. In hosting this, we also acquired several dozen pieces of unique art from third party contributors to hold back for Meme Factory's launch. The surveys began in August and ran weekly, concluding in September.

Winning options and designs were reincorporated back into the development of Meme factory, while vote participation was recorded for future DANK rewards. DANK distribution contracts have been constructed to reflect this participation and will be ready to distribute tokens to survey voters during the initial issuance alongside the DANK faucet.

District Registry

Work began on the District Registry during the second quarter, and in the third quarter we were able to build out the entirety of the backend and server components, including Solidity smart contracts with staking functionality for each district. The front end for the registry is the current task at hand, and testing on the entire proposal creation and rejection flow is revealing areas for us to improve prior to launch. The District Registry will house all of our initial marketplaces when launched, as well as any future community designed and deployed districts.

d0xTasks

d0xTasks was built from the ground up following our announced plans of adding it to our core application offering. With the smart contracts mimicking several other pieces of our previously developed projects, progress this quarter leaves us with the entire backend developed, including all token events and calls to the database. With full test coverage in place, we expect to put together the frontend and open the application up for proposals and bids in the near future.
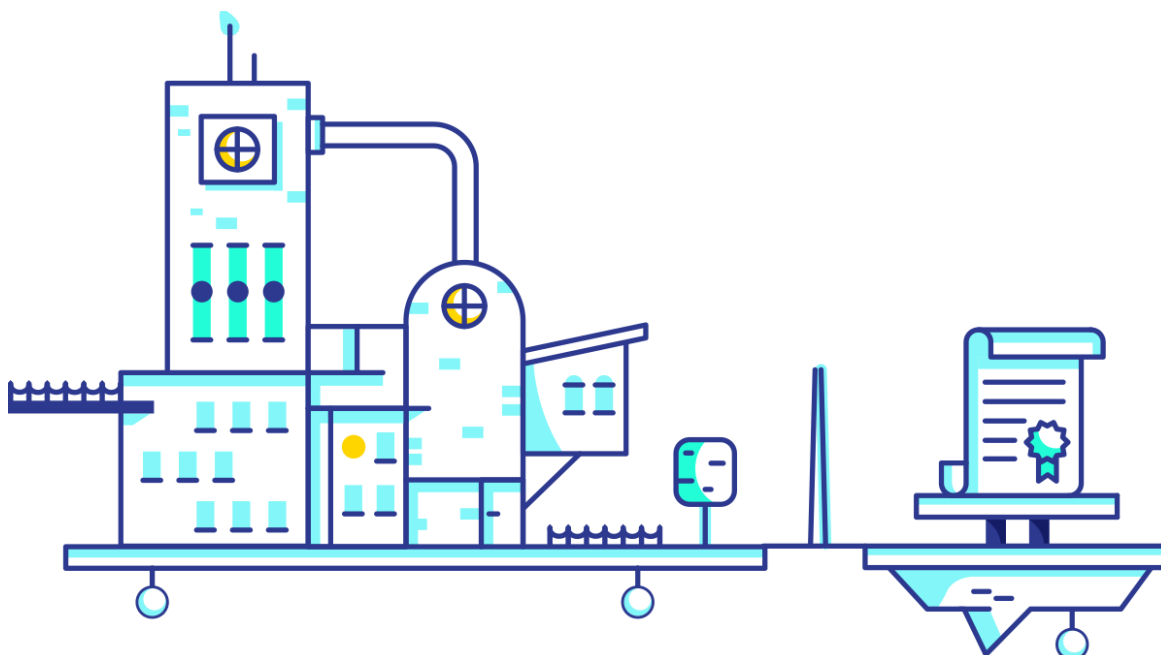
Education Portal

After many months of preparation, our previously announced Education Portal was launched successfully. In total 22 different modules were made available on launch, 17 written articles and 5 videos, with more being produced every week. The district0x Education Portal serves as a hub for learning not just about our individual product offerings, but also about the theory and building blocks that make up our entire platform. What's more, we're continuing to expand the coverage of topics pertaining to the Ethereum ecosystem at large, giving both district participants as well as curious bystanders a resource for learning about the protocol that this all runs on and in-depth discussions of esoteric topics like governance.
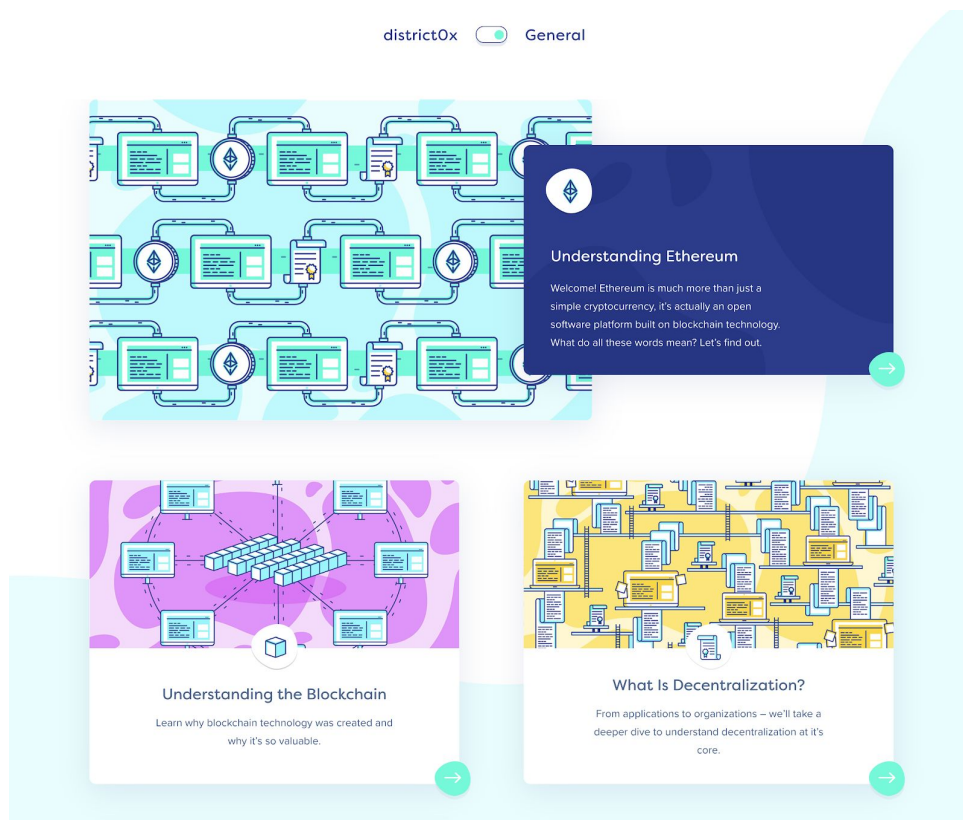
We've made consistent progress in encouraging additional contributors to the written portions of the portal, and currently retain several industry experts to bring us regular educational content. Additionally, we've prepared a backlog of video scripts and will continue to work with our video production crew in order to produce regular, short-form educational videos on otherwise opaque blockchain topics. This pace of content production is expected to continue through the next quarter and beyond. We envision this being one of the best repositories of learning for the crypto-unaware on the internet.

Community

The community management strategy has undergone a number of changes fueled by feedback from our community members as well as the trends in the cryptocurrency ecosystem as a whole. While we encounter some challenges for community building initiatives as the interest around Ethereum remains volatile, we took the opportunity to develop new tactics for educating people as we expand our community to more third party contributors and developers.

The third quarter was largely focused on dissemination of information, community empowerment and shielding our members from malicious activity, so we can move forward with larger community building goals in the months to come. Historically, we've maintained a chat relay bridge between Slack and Telegram. Due to a number of inefficiencies and unforeseen issues, we discontinued this initiative and others like it, in favor of an entirely new approach to community building.

Discord Server

After receiving feedback, we decided to expand our rewards program and launched a Discord server, along with an [Ambassador program](). This allows us to get to know the community on a more personal level, offers a more rewarding experience for contributors, aggregates external content more effectively, and organizes the community more cohesively. This Discord server is being rolled out in the following phases:

- Phase one (Education & Rewards)
- Phase two (Self-assigned roles and talent pools)
- Phase three (District and team creation)

We are currently in the middle of phase two and will continue to refine this model as we move forward. Phase three will be largely focused on building working groups that will support the third party expansion of the network.

Multi language support and moderation

To encourage a truly globally diverse community, we opted to onboard members in Discord using a bot called '[Yagpdb]()' (Yet Another General Purpose Discord Bot). This bot was chosen because of it's unique feature of self assignable roles, that unlocks hidden channels within

Discord when self assigned. This not only keeps Discord simplified for new members but everyone can hide and unhide channels based on personal preference. The initial onboarding page is as simple as clicking an emoji reaction to unlock a chosen language.

So far, this onboarding process has been successful at filtering out fake accounts and spammers when used in conjunction with Discord's built in moderation tools. The bot also has some great moderation features in place, empowering members to take care of issues even when a moderator is offline. This will be an ongoing security conscious push for our community as we expand.

Rewards and leveling

Using another bot called [Mee6](#), a Discord specific leveling and rewards system was deployed, similar to the [live stream rewards](#). This gives the community yet another option to acquire the District Network Token, so they can further participate in the network governance and also gives people an incentive for their educational journey within the community.

The district0x Live Stream

What originally started as a weekly online meetup exclusively for the district0x community; has evolved into two separate shows with entirely different content types. This quarter, a clear branding separation was pushed forward to ensure there is a clear distinction between the two shows as well as a revised content strategy and visual appeal for each:

[The Dapp Digest](#)
An interview podcast covering some of the coolest projects working in decentralization, blockchain technology, smart contracts and serverless applications.

[The District Roundup](#)
A community-curated interactive live stream covering news and updates from district0x, the community submitted district proposals, the development of the overall project, the partner projects and everything in between. In the past, the community has requested anything from educational content to community game nights.

Medium
Medium remains the cornerstone for regular and informal updates to our community. Readership has increased, with 120 unique daily readers in Q3, while total views and minutes read held steady around 17,000 and 13,000 respectively. This quarter featured quite a few shorter, more rapid-fire updates surrounding the Meme Factory Surveys and Design Contest. Future quarters should continue to see a growing buzz as we include more detailed dives into educational content destined for the Education Portal as well as supporting content around the launch of Meme Factory, the District Registry, and d0xTasks.

Financials

Income Statement

INCOME	Q3 2017	Q4 2017	Q1 2018	Q2 2018	Q3 2018
Revenues	$13,465,421	$0	$0	$0	$0
Cost of Goods Sold	$0	$0	$0	$0	$0
GROSS PROFIT	$13,465,421	$0	$0	$0	$0

EXPENSES	Q3 2017	Q4 2017	Q1 2018	Q2 2018	Q3 2018
Contractor Wage Expenses	$140,744	$178,430	$185,595	$388,255	$381,116
Technology and Development Expenses	$22,419	$129	$40,514	$14,987	$25,662
Marketing and Sales Expenses	$5,841	$2,999	$7,710	$18,357	$10,599
General and Administrative Expenses	$32,652	$6,911	$250,522	$97,196	$24,311
Other Expenses	$0	$600	$52,137	$107,527	$0
TOTAL EXPENSES	$201,656	$189,069	$536,477	$626,322	$441,688
OPERATING PROFIT	$13,263,765	-$189,069	-$536,477	-$626,322	-$441,688

Balance Sheet

ASSETS

CURRENT ASSETS*	Q3 2017	Q4 2017	Q1 2018	Q2 2018	Q3 2018
ETH	$13,263,765	$49,089,290	$15,604,869	$18,915,299	$8,229,990
DNT	$7,500,636	$28,004,579	$9,726,713	$6,996,913	$4,297,402
DAI	-	-	-	-	$357,637
DATA	-	$707	$230	$357	$184
OMG	$123	$251	$125	$130	$55
Cash	-	-	-	-	-
Accounts Receivable	-	-	-	-	-
Temporary Investments	-	-	-	-	-
Prepaid Expenses	$30,917	-	-	-	-
Other Current Assets	-	-	-	-	-
TOTAL CURRENT ASSETS	$20,795,441	$77,094,827	$25,331,938	$25,912,700	$12,885,269

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

Summary

The third quarter of 2018 was highlighted by the Meme Factory surveys, which saw broad participation from token holders, as well as the launch of our Education Portal, which we believe will serve as a valuable onboarding tool both to our network and to the blockchain ecosystem as a whole.

Behind the scenes, we worked to formalize our onboarding processes for new service providers contributing to the project in preparation for the launch of the d0xTasks dApp. Barring any unforeseen events, we anticipate launching Meme Factory to the mainnet, the District Registry, and the d0xTasks dApp before year's end.

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