Quarterly Report
Q4 2020

March 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

The fourth quarter of 2020 brought us a continued wave of progress towards our desired ends with our pivot towards DeFi from the previous quarter. Given our new development direction, we placed a high priority on hiring a new batch of developers to build out our equally new roadmap. In lockstep with this, we've placed several initiatives on hold. Devops updates, the District Designer, and the scalability solutions we were chasing for Meme Factory were all delayed until 2021 while we built out a new team and pressed onward with our roadmap.

Ethlance

Ethlance was one of the few projects where progress from Q3 to Q4 was continuous. We left the third quarter with a couple of open projects for Ethlance - a database redesign, a profile page and social sign-up integration, and some reworking to our underlying clojure and javascript implementations. With the staffing shakeup and new developer eyes on this district, it made for a good opportunity to recommit to the ShadowCLJS compiler, a Clojurescript variation we had utilized in previous development on other districts.

Beside this, we continued to work on the profile page integrations, which include social media signups like LinkedIn, an operation made all the more possible by a slightly less decentralized database architecture. We exited the fourth quarter in full motion with these structural changes, returning to our page-by-page update cadence and working towards a QA release on Ethlance 2.0.

Name Bazaar

Name Bazaar has been on the backlog for several consecutive quarters, after an update to the smart contract base for the ENS protocol sank the operational aspects of the marketplace and required widespread updates. While drawing specifications for the minimum viable development pathway to restoring basic functionality, we realized there was a very clear and narrow band of required updates. Given this, and our ability to fund external teams from new sources, we took a new approach and searched for and contracted an external development team with the express purpose of restoring Name Bazaar to its original state. We closed out the quarter with a contract in place, and work set to begin and complete in the first quarter of 2021.

Hegex

As part of our recent pivot into DeFi-friendly and marketplace structures compatible with the high fee load current to Ethereum, we brainstormed and developed an idea for our newest district - one we call Hegex. Hegex is a secondary swap for options underwritten on the [Hegic](#) protocol. Using a novel wrapper and factory contract, this new district will allow users to tokenize Hegic options as ERC721s and then sell them in a peer-to-peer fashion on a new marketplace. This creates an entirely new set of possibilities for Hegic users, as it allows what would otherwise be options that can only be exercised in accordance with their original expiry time to instead be bought and sold according to their intrinsic value at any moment before and up to expiry.

Because there is an inherent speculatory profit motive behind any given transaction on this marketplace, users are overwhelmingly more likely to willingly pay into the high fee environment extant on the Ethereum chain. While this is obviously not desirable long term, in the absence of clear scalability solutions for district0x to leverage, this will remain a viable pathway for us to make marketplaces that users actually feel comfortable using in the meantime.

With a new project member joining the team specifically to work on this district, initial progress through Q4 2020 was quite rapid. Initial designs were sketched and draft sent out to our design partners. The tokenization and wrapper factory contracts were constructed in their entirety. The barebones localized UI was put in place, and the swap functionality was also built into contracts. By the end of the quarter, we were able to confirm successful mainnet tokenized wraps and swaps, before committing to the much messier detail work in the new year.

Community

Similar to the third quarter, the community work was focused on our live stream, community rewards, and educational initiatives. We created a plan for the stream participants to direct how we allocate the stream revenue. We also had insightful conversations with several guests from within the web3 ecosystem and crafted [a bounty program](#) focused on expanding the District Registry submissions. Between the bounty program and other initiatives we paid out well over 100k DNT this quarter. In addition to the live stream rewards we gave out ETH, DANK, and other various NFTs. We look forward to expanding these programs in the coming quarters.

Community-Led Initiatives

The Graph protocol reached out to us some months ago to participate in their registry. To assist with their launch we helped curate projects, created educational content, and established [our presence within the registry](#). This gave the district0x community another look into how token registries work on the Ethereum mainnet.

District proposals have begun to populate our registry and the community [collected the first bounties](#). We look forward to seeing more of these submissions so people can get more involved in the district0x ecosystem. We also started a micro bounty to offer the incentive for ideas submitted within our [discord server](#).

Our verified artists started hosting their own contests to help grow Meme Factory's community. As a reminder, anyone can register for a grant to do similar initiatives when they [join our verified artist program](#).

We saw another project called [OpeNFT](#) join the District Registry this quarter. This project is set to launch in 2021 and offers part of the initial OpeNFT token allocation to anyone who stakes DNT towards their district. DANK token holders will also be retroactively airdropped the new $ONFT token as well as a number of other token holders within the NFT community.

Meme Factory

We hosted a number of community contests for Meme Factory and even collaborated with another project called '[Very Nifty](#)' where the winner's meme was tokenized within their NFT based game. We look forward to seeing more utility and cross functionality like this within the crypto space.

We also launched a "catch all" page for [all things district0x](#) so the community can easily find everything they need to get started with our project.

The District Registry

We spent a lot of time getting community feedback while testing the [District Registry](). This resulted in new feature requests, bug reports, and suggestions for future iterations.
We also began migrating district [proposals from Github]() to the District Registry with a [new bounty program]() for the community to earn DNT.
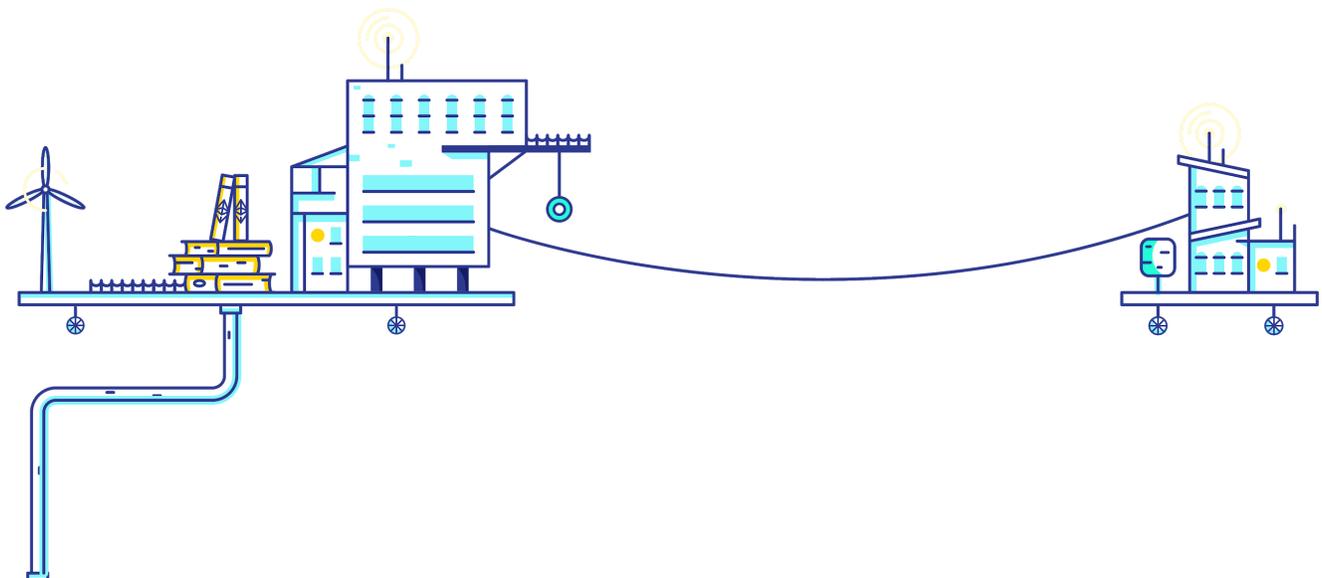
The Live Stream

The growth of the live stream continued in an upward trajectory and we have begun donating all stream revenue to Gitcoin grants. We have allowed the stream to direct and decide what Gitcoin grants we donate to. We plan to continue expanding this initiative in the coming quarters.

We expanded the rewards in our Web3 loyalty store to include more of the District Network Token, ETH and even NFTs. This has become our go-to onboarding solutions for people new to crypto and the district0x project.

On stream, we hosted Reuben Bramanathan, a legal expert in the crypto and web3 space OpeNFT, and others. We elaborated on what a Twitch based DAO would look like and even hypothesized theoretical details of that vision. This experimentation will likely work in tandem with our community manager's recent District proposal tentatively named, '[The Sessions Media DAO]()'.

We also began a new format on stream where we cover the industry news that has become popular among many people looking for a single place to keep up to date on all things crypto.

Financials

Income Statement

INCOME	Q2 2019	Q3 2019	Q4 2019	Q1 2020	Q2 2020	Q3 2020	Q4 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	Q2 2019	Q3 2019	Q4 2019	Q1 2020	Q2 2020	Q3 2020	Q4 2020
Contractor Wage	$687,409	$192,000	$192,000	$276,000	$180,333	$140,250	$119,582
Technology and Development	$15,990	$12,182	$9,042	$4,762	$10,034	$572	$5,823
Marketing and Sales	$36,461	$4,340	$0	$0	$0	$0	$2,125
General and Administrative	$23,800	$23,800	$40,483	$29,727	$29,449	$28,981	$30,254
Other	$2,300	$0	$0	$0	$0	$0	$0
TOTAL EXPENSES	$765,960	$232,321	$241,524	$310,489	$219,816	$169,804	$157,785
OPERATING PROFIT	-$765,960	-$232,321	-$241,524	-$310,489	-$219,816	-$169,804	-$157,785

Balance Sheet

ASSETS

CURRENT ASSETS*	Q2 2019	Q3 2019	Q4 2019	Q1 2020	Q2 2020	Q3 2020	Q4 2020
BTC	-	$2,845,782	$1,875,120	$1,769,149	$2,285,054	$2,058,789	$5,364,711
ETH	$8,658,559	$1,770,767	$1,284,686	$1,331,305	$1,841,778	$2,920,962	$5,933,181
DNT	$2,943,662	$1,133,816	$988,061	$712,277	$1,097,042	$1,642,458	$8,676,106
GRT	$0	$0	$0	$0	$0	$2,000,000	$24,000,000
KEEP	$115	$85	$83	$64	$82	$1,279,688	$312,500
Prepaid Expenses	-			$252,000	$238,000	$119,000	$0
TOTAL CURRENT ASSETS	$11,602,336	$5,750,450	$4,147,949	$4,064,795	$5,461,956	$10,020,896	$44,286,498

LIABILITIES

CURRENT LIABILITIES	Q2 2019	Q3 2019	Q4 2019	Q1 2020	Q2 2020	Q3 2020	Q4 2020
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.

Summary

The end of 2020 brought us a bunch of positive reinforcement after what was a major pivot in the preceding quarter. Pouring our time into hiring and defining a range of new projects, we were able to establish serious momentum as more engineers joined the team and more districts kicked off development. As the quarter came to a close and we entered 2021, we built out new lines of funding for external development teams and contracted out several new partners as the team continues to grow and expand in scope and adapt to our new roadmap, style, and pace. We look forward to continuing to capitalize on our unique position in the space.

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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](#)