



# district0x

## Quarterly Report Q1 2019

June 12th, 2019

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# 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 network had three active projects in development throughout the first quarter. The first was Meme Factory, which saw the bulk of its working parts constructed in previous quarters, and combined in preparation for mainnet deployment as we progressed through Q1. In addition, the District Registry moved towards complete construction of the server architecture, and hooking that up to the front end work completed earlier in the quarter, before moving on towards an integration with Aragon. The final application in development is the rework of Ethlance, which has been the lowest priority of the three, but has still seen significant progress in the first quarter of 2019.

## **Meme Factory**

As detailed previously, Meme Factory entered the quarter nearly feature complete, with only a handful of development items needed before proceeding to a much needed testnet launch. The most notable among these was the DANK faucet, which was a key piece of our plan to widely distribute Meme Factory's complimentary ERC20 token. Alongside this, we built a new server architecture to house not only Meme Factory's production servers, but also the rest of our application suite.

Following this, we launched the application to the Ropsten testnet, combining all the pieces together into a usable application that allowed all district0x contributors to directly test Meme Factory as users would see it, and begin refining all manner of the user experience. From infinite scrolling, to additional filtering and search options, to refinements to card flipping animations, we took several weeks and spent them improving every aspect of the fit and finish of our newest marketplace.

By the final weeks of the quarter, testing of Meme Factory was in full swing and subsequent preparations for an Ethereum Mainnet migration of the entire application were being made. As of the time of this writing, Meme Factory has been launched to mainnet and the wider public.

## **District Registry**

The District Registry has come a very long way since our last update. After a period of reworking our original contract designs to fit within the limits imposed by the Ethereum Virtual Machine, we moved on to build and link the front end components before proceeding to styles. Our experience with previous efforts to take designs from one provider and attempt to translate and

mimic them on the development side in styling has shown how painful it can be without a more formal process. For the District Registry, we chose instead to follow a new approach to matching our styles programmatically using a special compiler where we could match the outputs in our development tech stack's language to that of our designers in a different language. Thus far, this has proven to be a much more exact way to replicate results, and avoids much of the "guess and check" work done on previous applications.

As the end of the quarter approached, the focus turned towards the needed pieces for the integration with Aragon and their [DAOKit](#). The plan is to use this to automatically spin up an Aragon entity for each and every district that enters the registry. This work continues currently, and will become a priority as we wrap up post-launch development of Meme Factory.

## Ethlance

Ethlance remains in development as the lowest priority of the three current products, lending resources to Meme Factory where necessary throughout the first quarter of the year. Still, significant progress has been made towards the final revamp. Contracts were written, revised, and refactored in favor of more cost effective ERC20 transfer mechanisms as well as more security hardening.

The homepage designs we displayed in our last quarterly update were taken and expanded upon, covering every page we had wireframed, with the added highlighting a few we had left out altogether. Additionally, all manner of the server architecture and main body of the backend logic were constructed. Many of these components, including the GraphQL resolvers and a blockchain syncer, borrowed heavily from Meme Factory and allowed us an opportunity to reuse work already done. This also sowed the seeds for our upcoming work on the release of d0xINFRA.

The screenshot shows the Ethlance homepage with a dark blue header. The header contains the Ethlance logo on the left and three navigation links: "Find Work", "Find Candidates", and "How It Works". Below the header, the text "WE CREATED" is centered above the main heading "Ethlance for Everyone!". The main content area features four key features, each with an icon and a short description:

- We take no cut**: Ethlance doesn't take a percentage of your earned Ether. The amount of Ether the employer pays is the amount the freelancer gets.
- It's all on blockchain**: The Ethlance database is distributed on the Ethereum public blockchain and the source files are on IPFS. Ethlance is accessible to everyone forever, without any central authority having control over it.
- No artificial costs or restrictions**: Everybody can apply for, or create, an unlimited number of jobs. All that is needed is to pay Ethereum gas fees associated with these operations.
- Part of the district0x Network**: Ethlance is the first district on the [district0x Network](#), a collective of decentralized marketplaces and communities.

# Community

This quarter, community development has centered around a number of new initiatives focusing on more inclusion and increased outreach and engagement. While small, these changes ensure the continued support of our community, moderators, and ambassadors. Primary among these, we decided to schedule our first few “ambassador” calls, a video conference for our most active supporters. Considering how well received these were, we will continue to expand them to whole community soon. We have also propagated a few other changes that will help empower the community in various ways.

## New Features

We like to think of our community as an "education first" culture. To support that culture, we have deployed new chat based commands to help users learn. Some of these commands have existed for some time, but we've made additions and now have full feature parity in Telegram & Discord.

Some of the features you can expect in both Discord and Telegram:

- Chatters can tip and airdrop DNT to others within both of our community channels thanks to two new hosted tipbots.
- Participation based reputation scores are active across all channels. This gives new and old users alike an indicator of how long a particular chatter has been active.
- Spam filtering has been fine tuned to ensure conversations stay on topic with high quality.
- [Education Portal](#) commands have been added to each chatroom, giving users a more immediate way to access new information.

## The Live Stream

To give everyone a better experience on stream, we have begun phasing out our old streaming server. We are also swapping out some bots and software in exchange for a more [powerful suite of tools](#). This has resulted in a cleaner design, a higher resolution stream, and better tools for stream moderators.

Some of these changes do come at the cost of losing our multi-streaming capabilities, where we'd broadcast to many platforms. We believe this will be more rewarding for our viewers and think it's well worth the trade off. This also allows us to cleanly complete our stream rebranding and shift focus onto a single channel. Over the coming months new features will be added, including adding all of our features for non-live chatters (like reputation and educational commands) to our live stream chat rooms as well.

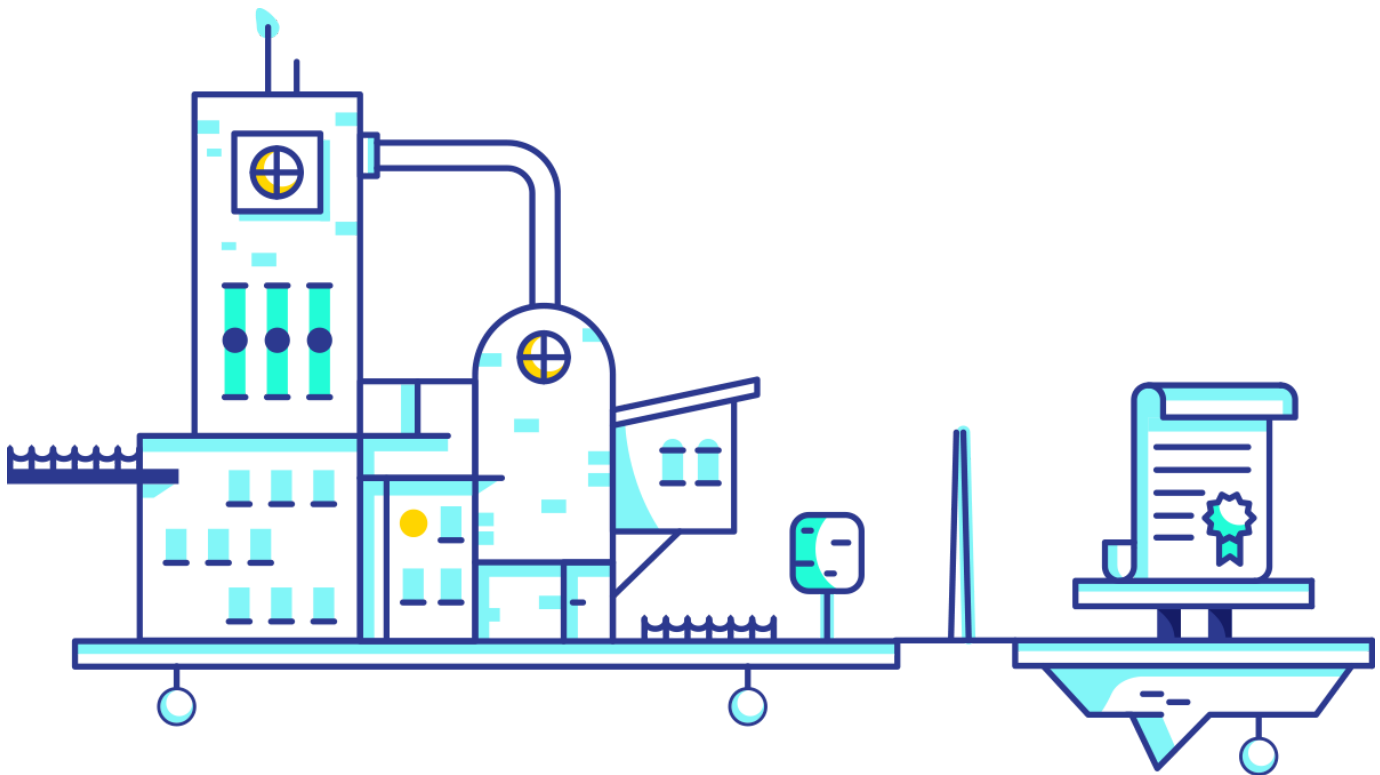
## Community Outreach

This quarter we have had a lot of one-on-one conversations with community members and community managers from other projects behind the scenes. The focus of these meetings has been to bolster more cross pollination and engagement amongst active crypto communities. This has been a slow but steady march forward and well worth the effort. The goal being to ensure the crypto community as a whole is creating a welcoming atmosphere for newcomers.

Additionally, several of the talks involving other crypto projects have resulted in newly written district proposals intending to leverage our platform. As we press forward with community outreach, we expect more district proposals and ideas to take form.

## Rewards and Incentives

The [district proposal](#) rewards have increased to 500 DNT from 250 DNT. Towards the end of this quarter we also decided to phase out level-based rewards in chat. We believe we can build a healthier feedback loop if we focus on more action-based reward dispensation. Future quarters will include a planned roll out of the newly proposed reward structure.



# Financials

## Balance Sheet

### ASSETS

CURRENT ASSETS*	Q3 2017	Q4 2017	Q1 2018	Q2 2018	Q3 2018	Q4 2018**	Q1 2019**
ETH	\$13,263,765	\$49,089,290	\$15,604,869	\$18,915,299	\$8,229,990	\$4,709,421	\$4,799,568
DNT	\$7,500,636	\$28,004,579	\$9,726,713	\$6,996,913	\$4,297,402	\$2,036,868	\$2,952,186
DAI	\$0	\$0	\$0	\$0	\$357,637	\$806,800	\$637,331
MKR	-	-	-	-	-	-	\$134
DATA	\$0	\$707	\$230	\$357	\$184	\$83	\$106
OMG	\$123	\$251	\$125	\$130	\$55	\$22	\$28
Prepaid Expenses	\$30,917	-	-	-	-	-	-
<b>TOTAL CURRENT ASSETS</b>	<b>\$20,795,441</b>	<b>\$77,094,827</b>	<b>\$25,331,938</b>	<b>\$25,912,700</b>	<b>\$12,885,269</b>	<b>\$7,553,194</b>	<b>\$8,389,353</b>

### LIABILITIES

CURRENT LIABILITIES	Q3 2017	Q4 2017	Q1 2018	Q2 2018	Q3 2018	Q4 2018	Q1 2019
Short-Term Debt	\$0	\$0	\$0	\$0	\$0	\$580,000	\$580,000
<b>TOTAL CURRENT LIABILITIES</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$580,000</b>	<b>\$580,000</b>

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

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

## Income Statement

INCOME	Q3 2017	Q4 2017	Q1 2018	Q2 2018	Q3 2018	Q4 2018	Q1 2019
Revenues	\$13,465,421	\$0	\$0	\$0	\$0	\$0	\$0
Cost of Goods Sold	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<b>GROSS PROFIT</b>	<b>\$13,465,421</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

EXPENSES	Q3 2017	Q4 2017	Q1 2018	Q2 2018	Q3 2018	Q4 2018	Q1 2019
Contractor Wage Expenses	\$140,744	\$178,430	\$185,595	\$388,255	\$381,116	\$211,047	\$168,000
Technology and Development Expenses	\$22,419	\$129	\$40,514	\$14,987	\$25,662	\$37,133	\$1,919
Marketing and Sales Expenses	\$5,841	\$2,999	\$7,710	\$18,357	\$10,599	\$9,499	\$11,225
General and Administrative Expenses	\$32,652	\$6,911	\$250,522	\$97,196	\$24,311	\$29,299	\$12,743
Other Expenses	\$0	\$600	\$52,137	\$107,527	\$0	\$0	\$13,410
<b>TOTAL EXPENSES</b>	<b>\$201,656</b>	<b>\$189,069</b>	<b>\$536,477</b>	<b>\$626,322</b>	<b>\$441,688</b>	<b>\$286,977</b>	<b>\$207,298</b>
<b>OPERATING PROFIT</b>	<b>\$13,263,765</b>	<b>-\$189,069</b>	<b>-\$536,477</b>	<b>-\$626,322</b>	<b>-\$441,688</b>	<b>-\$286,977</b>	<b>-\$207,298</b>

## Summary

After much anticipation, we are excited to have released Meme Factory to mainnet, a major roadmap item for the project. During Meme Factory's development, much of the ground work was completed on d0xINFRA and repurposable modules, which we anticipate leading to greatly accelerated release schedules moving forward. The District Registry is now nearing completion, with launch expected in Q3.

Due to steps taken to cut costs during the market downturn last year, and this year's subsequent recovery, the project remains on solid financial footing with more than 6 years of runway in Ether reserves at current run rates.

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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](#) and [Facebook](#)