



district0x

Quarterly Report Q3 2019

December 21st, 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.

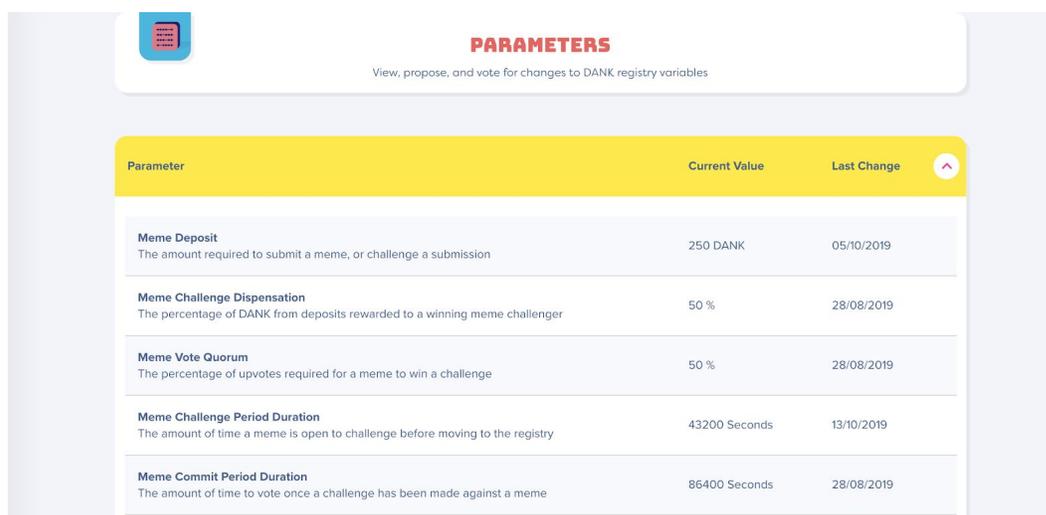
Product

In the third quarter, product development was geared towards a combination of rolling Meme Factory updates and new features, District Registry audit preparation and the proceeding bugfixes, as well as more front-end work, forward planning and finalization of the new architecture for the planned Ethlance 2.0 update.

Meme Factory

Meme Factory development has continued but slowed through the third quarter as we wrap up all planned additional features and stabilize against any bugs found along the way. Among the most user-facing changes, we added new buttons to allow users to backup and re-import vote secrets, enabling cross-device voting and revealing. We also added support for a variety of video and motion image formats, giving users more flexibility for meme submissions. A highly requested feature, we also added our community Discord chat into the Meme Factory interface with a fly-out button directly in the browser.

Without a doubt the largest change we've made (or likely ever will make) to Meme Factory, the parameter change page went live in the third quarter as well. Completing our original vision of the Dank Registry, the parameter change page allows DANK holders to propose a change to the numeric parameters of operation for the registry itself - for example, someone could propose to increase the cost of submitting a meme. And, just like a challenge against a meme submission, all DANK holders can vote to decide. We have not yet seen a parameter change proposal from the community, however, as an expensive and slow action, requiring 250,000 DANK to propose, we don't expect to see frequent proposals made.



Parameter	Current Value	Last Change
Meme Deposit The amount required to submit a meme, or challenge a submission	250 DANK	05/10/2019
Meme Challenge Dispensation The percentage of DANK from deposits rewarded to a winning meme challenger	50 %	28/08/2019
Meme Vote Quorum The percentage of upvotes required for a meme to win a challenge	50 %	28/08/2019
Meme Challenge Period Duration The amount of time a meme is open to challenge before moving to the registry	43200 Seconds	13/10/2019
Meme Commit Period Duration The amount of time to vote once a challenge has been made against a meme	86400 Seconds	28/08/2019

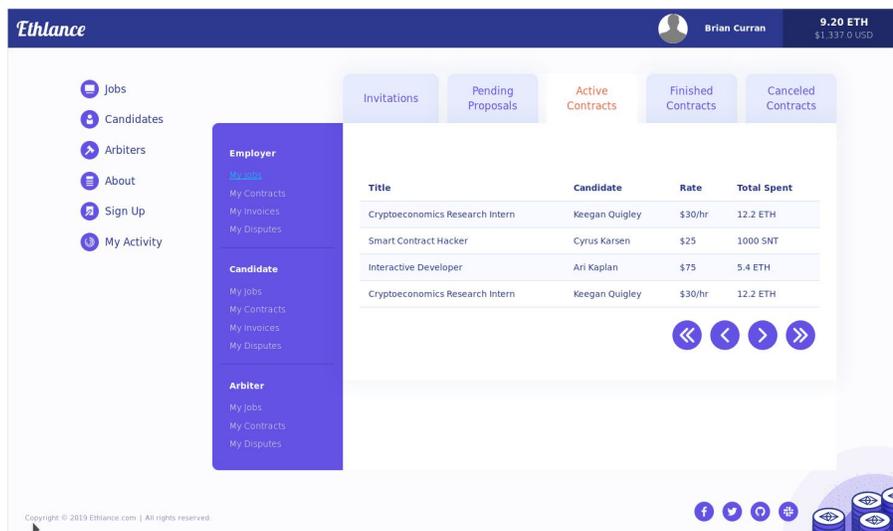
District Registry

The District Registry received the most attention this past quarter as we prepare it for launch in late 2019. Following our completed integration with Aragon in Q2'19, we've managed to launch to the Rinkeby testnet and have been testing and polishing different builds using a quality assurance orchestration we've borrowed from Meme Factory's development cycle. This has gotten us much closer to a publicly viable application.

Through the middle of the quarter, we were able to secure a firm to conduct security audits for us. Utilizing the report they delivered, we identified a few areas of our smart contract suite that required small alterations, and proceeded to push fixes to our testnet instance. As of the end of the quarter, we are continuing to test the various updates and fixes made while continuing to brainstorm for any missing or nice-to-have features.

Ethlance

The Ethlance rework, dubbed "Ethlance 2.0", has been slowly coming to the forefront of development as our other projects wrap up open lines of work. Continuing from progress made last quarter, front end work proceeded through the third quarter, culminating with the completion of the UI for all planned Ethlance pages, short of a few small issues to complete before launch.



In addition to this, we've re-approached our plans for our database and server architecture. We discussed this prior, and over the course of the past quarter we finalized the specification and began building it. We're leveraging a design similar to the bounties network, and utilizing a "private chain" with our own database in order to service all non-critical requests from users, while retaining full use of on-Ethereum transactions for actions involving money or user data.

Community

For our community of followers and users, most of the third quarter focused on collective action, Meme Factory, and Dapp onboarding. We dedicated time to initiatives that lower the barrier to entry as much as possible. We also continued forward with inclusion initiatives that give the community a voice. Initiatives of note are the [Education Portal](#) feedback feature, as well as community calls and contest polls on stream. Additionally, we deployed several new features to Meme Factory based on feedback received. The [parameter change feature](#) also went live on Meme Factory.

The past three months have embodied “quality over quantity” on every front. This includes [art submissions](#), [discussions](#), [feature requests](#), [live stream](#) participation, bounty submissions, and [district proposals](#). We saw community-led initiatives such as contests, meme charity drives, and token utility experiments. What we have seen is nothing short of inspiring. We can’t wait for another quarter full of unique and thoughtful output from the district0x community.

The Live Stream

The live stream continues to be a focal point for the community, and this quarter was no exception. Along with our viewers, we produced live demos of Dapps, spoke to creators, hosted regular voice calls, all while continuing giveaways and bounty campaigns. Leveraging feedback from our community, we planned ahead for a new kind of live community stream.

The live community chats are going to be a bi-weekly event just like the District Digest. However, they allow our community to join and communicate in real time directly, rather than simply as viewers of a stream. These calls are the community's opportunity to have a say in the direction of the network. The caveat here is this privilege is guarded behind the “level 1” badge for Discord chatters. This enables the voice channel we use for the live stream, and should help to keep these events orderly and focused on matters of concern to regular users.

Community-Led Initiatives

Meme Factory creators began using it as an alternative to Patreon and similar platforms funding platforms for artists. We have seen users experiment with token use cases akin to the perks you expect to see on typical crowdfunding platforms. Perks range from token access, commissions, vouchers, and traditional crowdfunding campaign integration concepts. We also saw meme creation [charity drives on Wetrust](#), as well as contests similar to the ones we organized.

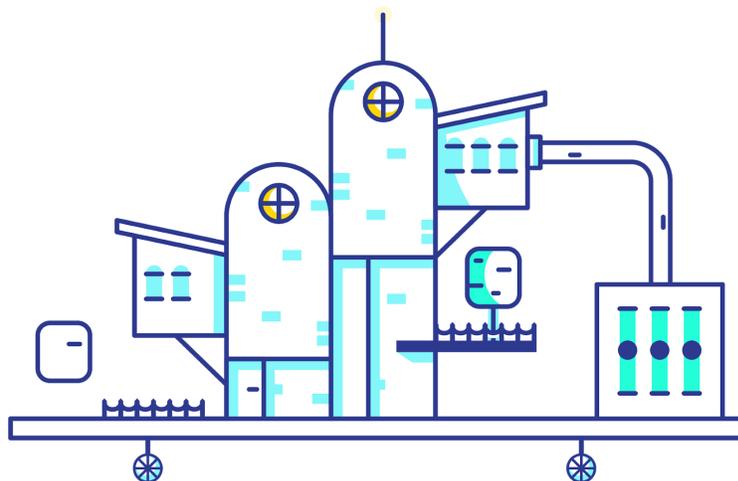
The Meme Factory Contests

We've held quite a few creator's contests for Meme Factory [on Cent.co](#), and they've served as a way to onboard people who may be completely new to Ethereum, but are familiar with a particular internet subculture and its memes. Cent.co is a platform that lets you earn ETH with nothing more than an email address and a Dapp browser. We set small ETH bounties on each contest so users could collect enough to claim their DANK from the faucet and submit a meme. This allows us to get users started without any ETH at all. This small step served as a great tool for onboarding and education. We look forward to hosting similar initiatives that help lower the barriers to entry for Ethereum.

The prizes for these contests ranged from DANK tokens, a tokenized meme redeemable for swag, a Ledger hardware wallet, and a "spotlight" on stream. We distributed over three million DANK tokens during these weekly competitions, generating some great content and we can't wait to see what the next rounds of contests turn out.

The Education Portal

We've experimented with adding feedback feature on the Education Portal. This feature allows us to crowdsource ideas and article suggestions. At the bottom of each article, you will see an up and downvote button. When you vote, you have the opportunity to comment or suggest anything you like. Since launching this feature, we have seen great comments, suggestions, and feedback helping us to update and clarify our content. As we continue to roll out more complex product offerings, the education portal will serve as a support resource and will need periodic updates to deal with typical user problems.



Financials

Balance Sheet

ASSETS

CURRENT ASSETS*	Q3 2017	Q4 2017	Q1 2018	Q2 2018	Q3 2018	Q4 2018**	Q1 2019**	Q2 2019	Q3 2019
BTC	-	-	-	-	-	-	-	-	\$2,845,782
ETH	\$13,263,765	\$49,089,290	\$15,604,869	\$18,915,299	\$8,229,990	\$4,709,421	\$4,799,568	\$8,658,559	\$1,770,767
DNT	\$7,500,636	\$28,004,579	\$9,726,713	\$6,996,913	\$4,297,402	\$2,036,868	\$2,952,186	\$2,943,662	\$1,133,816
DAI	-	-	-	-	\$357,637	\$806,800	\$637,331	\$0	\$0
MKR	-	-	-	-	-	-	\$134	\$115	\$85
DATA	-	\$707	\$230	\$357	\$184	\$83	\$106	\$93	\$50
OMG	\$123	\$251	\$125	\$130	\$55	\$22	\$28	\$35	\$12
Prepaid Expenses	\$30,917	-	-	-	-	-	-	-	-
TOTAL CURRENT ASSETS	\$20,795,441	\$77,094,827	\$25,331,938	\$25,912,700	\$12,885,269	\$7,553,194	\$8,389,353	\$11,602,464	\$5,750,512

LIABILITIES

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

*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	Q2 2019	Q3 2019
Revenues	\$13,465,421	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Cost of Goods Sold	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
GROSS PROFIT	\$13,465,421	\$0							
A	B	C	D	E	F	G	H	I	J
EXPENSES	Q3 2017	Q4 2017	Q1 2018	Q2 2018	Q3 2018	Q4 2018	Q1 2019	Q2 2019	Q3 2019
Contractor Wage	\$140,744	\$178,430	\$185,595	\$388,255	\$381,116	\$211,047	\$168,000	\$687,409	\$192,000
Technology and Development	\$22,419	\$129	\$40,514	\$14,987	\$25,662	\$37,133	\$1,919	\$15,990	\$12,182
Marketing and Sales	\$5,841	\$2,999	\$7,710	\$18,357	\$10,599	\$9,499	\$11,225	\$36,461	\$4,340
General and Administrative	\$32,652	\$6,911	\$250,522	\$97,196	\$24,311	\$29,299	\$12,743	\$23,800	\$23,800
Other	\$0	\$600	\$52,137	\$107,527	\$0	\$0	\$13,410	\$2,300	\$0
TOTAL EXPENSES	\$201,656	\$189,069	\$536,477	\$626,322	\$441,688	\$286,977	\$207,298	\$765,960	\$232,321
OPERATING PROFIT	\$13,263,765	-\$189,069	-\$536,477	-\$626,322	-\$441,688	-\$286,977	-\$207,298	-\$765,960	-\$232,321

Summary

The third quarter of 2019 was marked by steady progress towards the District Registry launch and the relaunch of Ethlance, two major roadmap items for the project. Having completed the final audits of the District Registry in the current quarter, mainnet deployment is expected to occur in the coming weeks, a major step towards granting full power over the network and its individual marketplaces to our community.

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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](#)