October 2020
Board Report

November 30, 2020

ETC Cooperative

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Purpose
Board Report

The purpose of the report is to **update the ETC Cooperative Board members** and provide them with information about the activities, operations, progress or difficulties of the ETC Cooperative, during the last fiscal quarter, to help them fulfill their duties.

These presentation will include a **financial section** as well as progress towards the annual goals and objectives.

A full 2020 annual report, similar to the 2019 retrospective will be completed in 2021.

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Sections

1	Overview
2	Protocol
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4	Comms & Marketing
5	Finance

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Overview

› ECIP-1049: Keccak256 breakout session

› Hyperledger Besu-20.10.0 adds Thanos support

› "Ensuring ETC Network Security" joint press release with IOHK

› Mandarin translation of the above (Thank you, Roy!)

› Node stats monitoring

› New Ethercluster docs

› Thanos outreach

› Collaboration with IOHK

› Relaunch of ETC Weekly newsletter

› Reactivated Medium channel

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Protocol
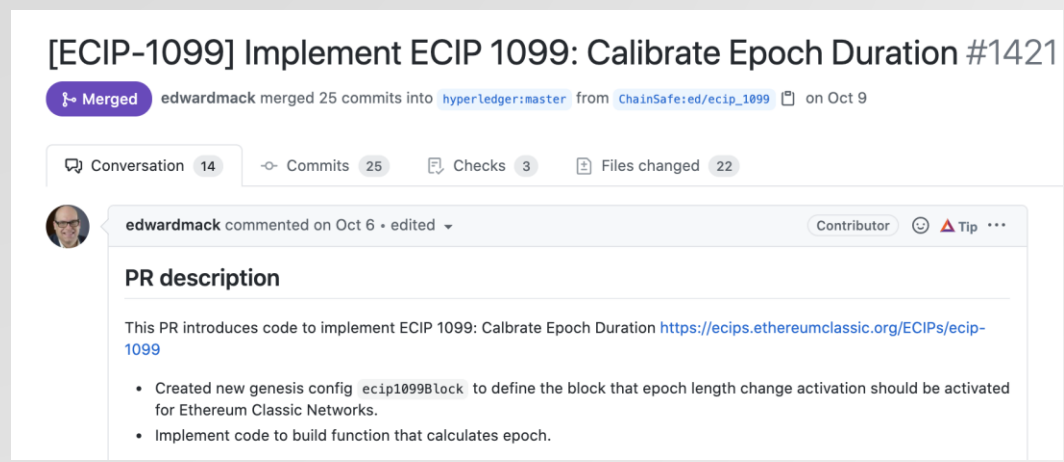# ECIP–1049: Keccak–256 Breakout Session

ECIP 1049 Keccak Breakout Session
201 views • Oct 5, 2020

> › A community breakout session was held on October 2nd to discuss **ECIP 1049: Change the ETC Proof of Work Algorithm to Keccak256**.

> › This session was organized by **r0n1n**, in opposition to the proposal but turned into a very useful discussion, with everyone having the opportunity to bring their support or their concerns to the table.

> › Since the meeting, a redraft has been proposed by Alex Tsankov, the author.

> › ETC Coop remains strongly supportive.

> › [YouTube link to recording](#).

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Protocol
Besu-20.10.0 adds Thanos support

[ECIP-1099] Implement ECIP 1099: Calibrate Epoch Duration #1421

Merged edwardmack merged 25 commits into `hyperledger:master` from `ChainSafe:ed/ecip_1099` on Oct 9

💬 Conversation 14   ⟲ Commits 25   ▣ Checks 3   ⊟ Files changed 22

edwardmack commented on Oct 6 • edited ▾   Contributor ☺ ⚠ Tip •••

PR description

This PR introduces code to implement ECIP 1099: Calbrate Epoch Duration https://ecips.ethereumclassic.org/ECIPs/ecip-1099

- Created new genesis config `ecip1099Block` to define the block that epoch length change activation should be activated for Ethereum Classic Networks.
- Implement code to build function that calculates epoch.

HYPERLEDGER BESU

› Commits on October 6th, 9th and 15th
› First released in 2.10.0-RC2 on October 21st
› Final 20.10.0 release on November 3rd

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Protocol

"Ensuring ETC Network Security"

IOHK, and ETC Coop have collaborated to provide Ethereum Classic stakeholders and the broader community with the knowledge and understanding on how to resist these issues. To support this activity, we have created a comparison document to showcase and summarize the different 51% attack mitigations. In it, ETC community members will be able to assess each proposal, understand any concerns, and be advised on how the ETC community can solve ETC network security issues together.

› https://etccooperative.org/posts/2020-10-20-ensuring-etc-network-security

› https://static.iohk.io/docs/etc/ecip-comparison-for-51-attack-resistance.pdf

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Infrastructure
Node stats monitoring

› Launch of etcnetstats.com.

› Monitoring of all the (exclusively Besu) nodes which are run by the ETC Cooperative.

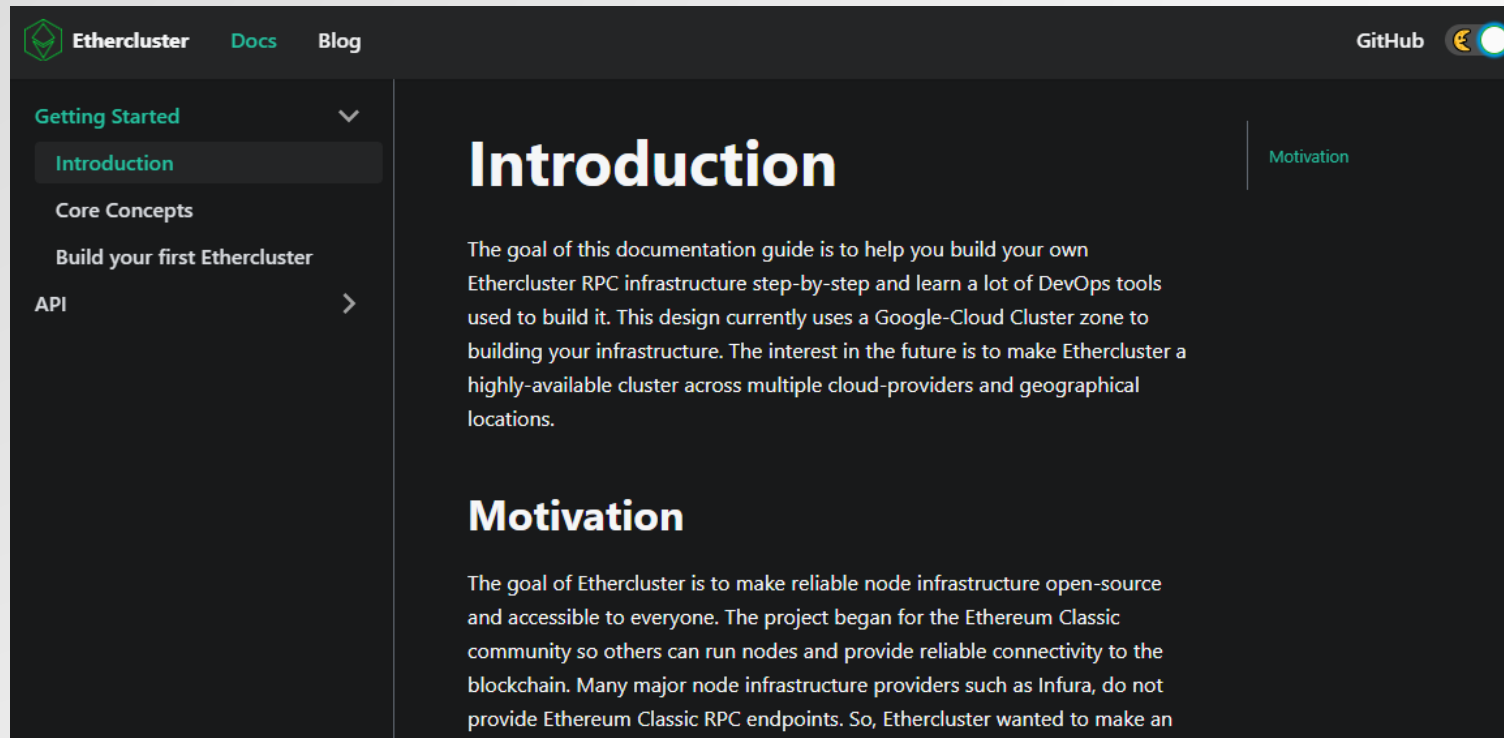› Other external nodes can be added into this monitoring as required.

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Infrastructure
New Ethercluster docs

› We've updated the Ethercluster technical documentation and have a new site which will be deployed at http://ethercluster.com/.

Comms and Marketing
Thanos outreach

ETC Thanos Upgrade Countdown

The Thanos upgrade block 11,700,000 is scheduled to occur on <u>Sat, Nov 28, 2020 1:20 PM</u> which is in

15 days 0 hours 38 minutes and 37 seconds
11,693,860 / 11,700,000 | 6,140 blocks to go

Live client status

Client	Version	Status	Block Number	Block Hash	Total Difficulty	Last Block
coregeth	1.11.20	In Sync	11693860	0x99efd7f254...	1.04E+21 (100.0%)	in 14 days
besu	20.10.1	Syncing	10388033	0xc82341f0c3...	8.42E+20 (80.8%)	3 months ago

Block Explorers

Block Explorers	Status
BlockScout	Ready
Expedition	Ready
Guarda ETC Block Explorer	Ready
Emerald Receipt	No information
ETC Token View	Ready
etcplanet	No information
Coin Metrics	No information
0xETH	No information

› Direct outreach to node operators ahead of the Thanos hardfork, using etcnodes.org/thanos to track progress, together with Twitter and blog posts.

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Comms and Marketing

IOHK collaboration & new channels

› Since early October, ETC Coop has been focused on collaboration with IOHK.

› IOHK have an extensive blockchain research group, communications and marketing teams and the Mantis client team.

› Charles has unique insight into ETC from his history as an Ethereum co-Founder and his prior involvement in the ETC ecosystem, now renewed.

› Here you'll find a content release plan and tracker used to keep track of shared content regarding the "ECIP Comparison Report" and subsequent blog posts.

› Relaunch and maintenance of ETC Weekly, the former ETC Co-op newsletter, done so through Mailer Lite, called ETC Weekly.

› Created new Medium site to publish blog posts.

› Collaborating with IOHK on a slew of a proposed campaigns to support the treasury and its promotion..

› Ongoing community management: content creation, channel moderation, social media management, engaging with users, liaising with teams and stakeholders, specifically IOHK

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Finance

Finance

Expenditures in $US					
	Oct 2020 Actual	Oct 2020 Budget	Variance $ Oct 2020 vs Oct 2020 Budget	Oct 2019 Actual	Variance $ Oct 2020 vs Oct 2019
Overhead & Management	$17,021	$20,854	$(3,833)	$17,002	$19
Development	$6,340	$10,000	$(3,660)	$14,800	$(8,460)
Protocol	$10,500	$0	$10,500	$21,000	$(10,500)
Comms & Marketing	$4,766	$12,210	$(7,444)	$3,125	$1,641
Finance	$2,477	$5,325	$(2,848)	$1,170	$1,307
Infrastructure	$6,230	$2,750	$3,480	$4,383	$1,847
Partnerships	$0	$0	$0	$250	$(250)
ETC Summit	$0	$0	$0	$0	$0
Total Expenditures	**$47,334**	**$51,139**	**$(3,805)**	**$61,730**	**$(14,396)**
Non-cash Items	*$0*	*$0*	*$0*	*$5,000*	*$(5,000)*
Total Operating Expenses	**$47,334**	**$51,139**	**$(3,805)**	**$66,730**	**$(19,396)**

› Expenditures in October 2020 were lower than both October Budget and October 2019 actual costs. As related to budget, this is mostly due to lower comms & marketing costs, as it was assumed that the team would be traveling for DEVCON. October 2020 had a credit for development related professional services costs, which partially offset the wages, leading to lower total costs for Development. October 2019, had higher spending on protocol work, but the variance is mostly due to timing differences between this year and last.

› Overall, spending on regular recurring items such as salaries and overhead, has been fairly consistent, however there will be a slightly increase in salaries, due the change in headcount. Most spending other than salaries and small overhead amounts, is related to protocol work around BESU.

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Finance

Expenditures in $US					
	Oct YTD 2020 Actual	Oct YTD 2020 Budget	Variance $ Oct YTD 2020 vs Oct 2020 Budget	Oct YTD 2019 Actual	Variance $ Oct 2020 vs Oct 2019
Overhead & Management	$174,748	$210,292	$(35,544)	$177,747	$(2,999)
Development	$108,603	$100,000	$8,603	$98,606	$9,996
Protocol	$70,350	$81,600	$(11,250)	$81,225	$(10,875)
Comms & Marketing	$33,843	$57,475	$(23,632)	$81,780	$(47,936)
Finance	$34,040	$70,750	$(36,710)	$17,511	$16,529
Infrastructure	$43,658	$54,580	$(10,922)	$0	$43,658
Partnerships	$6,292	$0	$6,292	$250	$6,042
ETC Summit	$1,978	$0	$1,978	$185,895	$(183,918)
Total Expenditures	**$473,511**	**$574,697**	**$(101,186)**	**$643,014**	**$(169,503)**
Non-cash Items	*$28,686*	*$0*	*$28,686*	*$0*	*$28,686*
Total Operating Expenses	**$502,197**	**$574,697**	**$(72,500)**	**$643,014**	**$(140,818)**

› Overall, expenditures in 2020 have been consistent with 2019, other than the ETC Summit Category, due to decreased spending in most areas, to converse cashflows, in uncertain times and less travel/comms & marketing costs. Finance costs are higher due to compliance fees, software fees and part time staff, with ETC Summit fees only being some small overflow from 2019, that was not accrued, compared to holding a full summit in 2019.

› YTD costs have been lower than budget by 100K due to lower spending in almost all categories. We expect to see this trend continue, although there may be further BESU protocol costs to be incurred and a slight increase in salaries due to more staff.

› Non-cash items consist of the loss on sale of ETC, FX gain/loss, and bad debt expense.

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Net (Loss)/Income in $US	Oct 2020 Actual	Oct 2020 Budget	Oct 2019 Actual
Income	$58,027	$44,160	$59,318
Operating Expenses	$47,334	$51,139	$66,730
Net (Loss)/Income	$10,693	$(6,979)	$(7,413)
Non-cash items	$0	$0	$5,000
Adjusted Net Income	$10,693	$(6,979)	$(2,412)

Net (Loss)/Income in $US	Oct YTD 2020 Actual	Oct YTD 2020 Budget	Oct YTD 2019 Actual
Income	$592,091	$478,440	$301,129
Operating Expenses	$502,197	$574,697	$643,014
Net (Loss)/Income	$89,894	$(96,257)	$(341,885)
Non-cash items	$28,686	$0	$0
Adjusted Net Income	$118,580	$(96,257)	$(341,885)

› Net Income for the period was significantly higher than budget and 2019. The variance with budget can be partially attributed to the higher ETC price in 2020, which is correlated to the ETC Fees received from Grayscale, as well as lower cash-costs. Compared to October 2019, the ETC price was fairly consistent, with slightly higher earnings, due to lower expenditures.

› As at October 31, 2020, the ETC Coop held 8,163 ETC.

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Finance

Financial Positions in $US

	31-Oct-20	30-Sep-20	30-Jun-20	31-Dec-19	31-Dec-18	31-Dec-17
Assets						
Cash & Cash Equivalents	$277,838	$273,538	$233,278	$146,318	$530,268	$0
ETC (at book value)[1]	$78,115	$78,115	$78,115	$154,363	$154,363	$0
Accounts Receivable	$0	$0	$5,000	$12,057	$7,057	$0
Due from Grayscale	$46,798	$48,089	$46,849	$18,808	$(6,729)	$371,505
Prepaid Expenses & Deposits	$0	$0	$750	$2,250	$0	$0
Total Assets	**$402,750**	**$399,741**	**$363,992**	**$333,796**	**$684,960**	**$371,505**
Liabilities						
Accounts Payable & Accrued Liabilities	$22,205	$29,889	$34,888	$44,393	$20,305	$0
Due to Grayscale	$(1)	$0	$0	$(1,000)	$3,022	$131,864
Total Liabilities	**$22,204**	**$29,889**	**$34,888**	**$43,393**	**$23,328**	**$131,864**
Equity						
Retained Earnings	$290,403	$290,403	$290,403	$661,632	$239,640	$0
Net Income/(Loss) for the year	$90,143	$79,450	$38,701	$(371,229)	$421,992	$239,640
Total Equity	**$380,546**	**$369,853**	**$329,104**	**$290,403**	**$661,632**	**$239,640**
Total Liabilities & Equity	**$402,749**	**$399,741**	**$363,992**	**$333,796**	**$684,960**	**$371,505**
ETC at Market Value[1]	*$42,994*	*$44,128*	*$46,812*	*$72,540*	*$81,430*	*$0*
Liquid assets[2]	**317,666**	**317,666**	**280,090**	**218,858**	**611,698**	**0**

[1]Book value is the value when the ETC was originally purchased. Market value is the value at the end of the reporting period (prices from Yahoo finance)

[2]Liquid assets consists of Cash & Cash equivalents plus ETC at market value.

› In January 2020, the Coop sold 7,500 ETC for an amount of $56,400 USD, to help fund operations. This lead to an increase in cash and decrease in ETC at book value. Due to higher ETC price and subsequent revenues, along with lower expenses, the cash balance increased by $40K in Q3 and October.

› The Coop wrote off a receivable of $12.1K from previous years ETC Summit sponsorship, that has been deemed uncollectible (2018 Summit & 2019 Summit).

› Accounts payable and accrued liabilities consist of October staffing costs, as well as Infrastructure hosted services for multiple vendors.

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