ETC
Cooperative

2022 Q1
Board Report

May 4th, 2022

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Sections

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2	Retrospective, Budget, Roadmap and AGM

3	Development

4	Protocol research

5	Finance

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Overview

- ✓ 2021 Retrospective
- ✓ 2022 Roadmap and Budget
- ✓ 2022 AGM held
- ✓ Core-Geth development
- ✓ Hyperledger Besu development
- ✓ Other public infrastructure

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Annual Reports and AGM
2021 Retrospective

› The ETC Cooperative's 2021 Retrospective report was <u>published</u>.

› This was a major undertaking, with 30 pages of reporting on everything the ETC Cooperative did during the previous calendar year, including detailed financials.

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Annual Reports and AGM
2021 Roadmap and Budget

The 2021 Roadmap and Budget documents were prepared during January and February and released to the public in April, alongside the Retrospective.

Those were primary "inputs" heading into the AGM held in March 4th.

Our $1.6M USD budget for 2022 is significantly higher than our actual spending of $483K for 2021, with a significant part of that spending being staffing costs, as we have grown (and will continue to grow) the team.

We are budgeting to add a further core developer, a project manager and a communications and marketing manager during 2022.

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Development
Core-Geth development

ETC Coop has been funding Core-Geth development since January, following the departure of ETC Labs from the ecosystem.

› Merges from upstream, bug-fixes and three releases (1.12.4, 1.12.5 and 1.12.6)

› Support for Mystique hardfork.

› Auto-generate draft release (with artifacts) for releases using GitHub Actions

› Work on updating existing OpenEthereum compatible tracers (callTracer & stateDiffTracer) to new native (GoLang) tracers using the new APIs introduced on go-ethereum. Native callTracer is 2x faster than its JS equivalent. StateDiffTracer is still work in progress.

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Development
Hyperledger Besu development

› 12 releases during Q1

› Mystique Upgrade
  › #3283: include specification

› Pull requests
  › #3135: Vert.x upgrade
  › #3285: Slf4J migration
  › #3296: regression fix
  › #3425: Log4j2 replacement with Logback (under discussion)
  › #3591: Minor CLI fix
  › #3695: IPC JSON-RPC interface (open)

› Research
  › EIP-3074: AUTH and AUTHCALL opcodes (this is a proposed change to Ethereum which has not been implemented in Besu yet)

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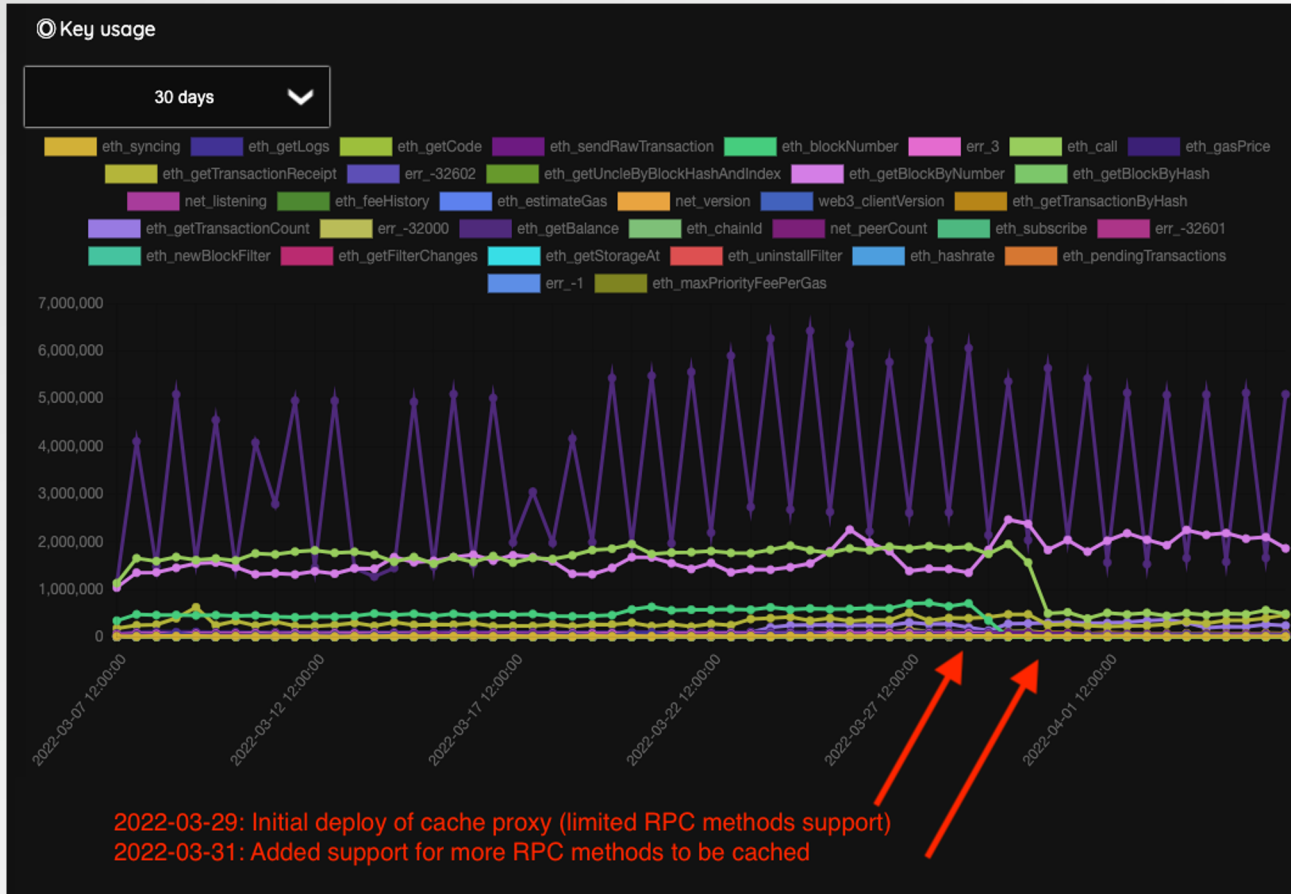
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Development
Ethercluster.com RPC endpoints

ETC Coop provides free-of-cost RPC endpoints as a public service to ETC end-users. These are used by most wallets and dapps.

› We transitioned from running our own nodes to using paid Rivet service last November and have been iterating through Q1.

› Collected metrics for evaluation of Rivet call optimization through Q1..

› Using CloudFlare worker proxy for caching, to minimize Rivet billed "hits" for repeated identical calls within a short time-window.

› Currently handling around 400M requests / month, though this has hit 500M requests / month at times.

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Development
Ethercluster.com Rivet usage

Cost is

1$ /100K

requests

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Protocol
Research

Work done by Isaac

› Continued work on ECIP-1105:
Restricted Chain Context Type Transactions ("Defines a new transaction type with constraints on ancestor block hash, block author, and/or block timestamp.")

› Prototype caching RPC proxy in Go (for Ethercluster). This is an alternative pattern in case Cloudflare worker logic is insufficient.

› Continue research with MIT DCI (Digital Currency Initiative) RE: finality improvements, double-spend games, and PoW consensus theory.

› More information on these efforts will be forthcoming in the near future, including "TABS," which builds on ECIP-1105.

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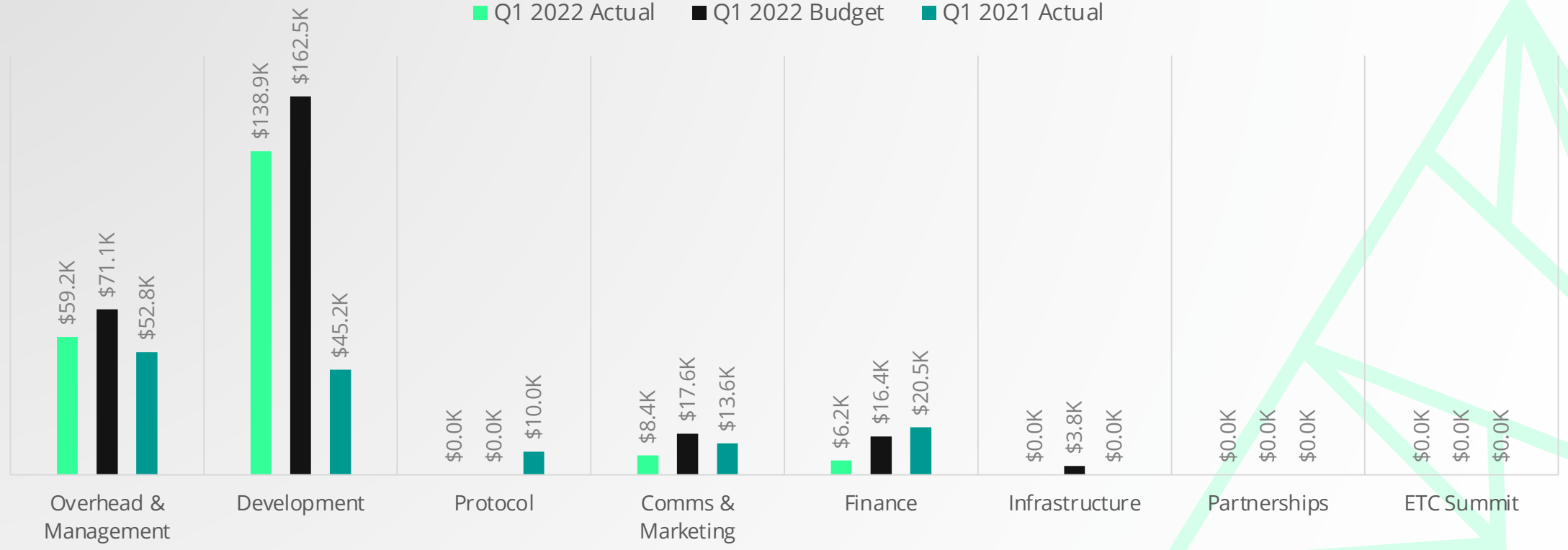
Finance

Finance

Expenditures in $US

	Q1 2022 Actual	Q1 2022 Budget	Variance $ Q1 2022 vs Q1 2022 Budget	Q1 2021 Actual	Variance $ Q1 2022 vs Q1 2021
Overhead & Management	$59,199	$71,069	$(11,870)	$52,769	$6,430
Development	$138,877	$162,500	$(23,623)	$45,170	$93,707
Protocol	$0	$0	$0	$10,000	$(10,000)
Comms & Marketing	$8,438	$17,634	$(9,195)	$13,569	$(5,131)
Finance	$6,217	$16,375	$(10,158)	$20,511	$(14,294)
Infrastructure	$0	$3,780	$(3,780)	$0	$0
Partnerships	$0	$0	$0	$0	$0
ETC Summit	$0	$0	$0	$0	$0
Total Expenditures	**$212,731**	**$271,358**	**$(58,627)**	**$142,018**	**$70,712**
Non-cash Items	*$0*	*$0*	*$0*	*$0*	*$0*
Total Operating Expenses	**$212,731**	**$271,358**	**$(58,627)**	**$142,018**	**$70,712**

› Quarterly costs were fairly aligned with budget. The major differences are due to staffing differences in the communications role, and timing of audit costs. Development is slightly lower, as only 2 of the 3 developers came from ETC Labs to ETC Coop. This missing role is expected to be filled during the year.

› Development costs are significantly higher than Q1 2021, due to the number of staff. Other differences are mainly timing differences.

› It is expected that travel costs will pick up in the rest of 2022, as conferences once again start taking place. The team expects to make more of presence as ETH moves toward proof of stake and ETC becomes more and more of viable option, for those more interested in POW coins and ecosystems.
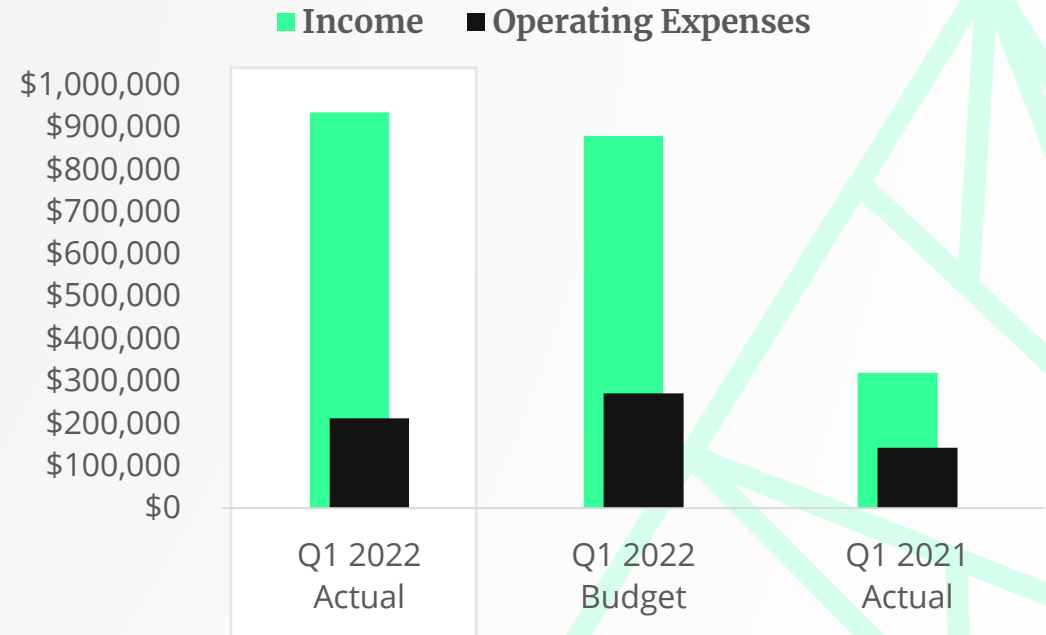
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Finance

Legend: Q1 2022 Actual | Q1 2022 Budget | Q1 2021 Actual

Category	Q1 2022 Actual	Q1 2022 Budget	Q1 2021 Actual
Overhead & Management	$59.2K	$71.1K	$52.8K
Development	$138.9K	$162.5K	$45.2K
Protocol	$0.0K	$0.0K	$10.0K
Comms & Marketing	$8.4K	$17.6K	$13.6K
Finance	$6.2K	$16.4K	$20.5K
Infrastructure	$0.0K	$3.8K	$0.0K
Partnerships	$0.0K	$0.0K	$0.0K
ETC Summit	$0.0K	$0.0K	$0.0K

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Finance

Net (Loss)/Income in $US

	Q1 2022 Actual	Q1 2022 Budget	Q1 2021 Actual
Income	$934,470	$878,485	$320,201
Operating Expenses	$212,731	$271,358	$142,018
Net (Loss)/Income	$721,739	$607,128	$178,182
Non-cash items	*$0*	*$0*	*$0*
Adjusted Net Income	**$721,739**	**$607,128**	**$178,182**

› The main differences are due to income received in Q1 2022 vs Q1 2021. Income was consistent with budget. March 2022 was the last month that ETC Coop received funds from Grayscale and will now be pursuing other options for further income. Currently, with our cash reserves, we can continue funding the team and development for several years.
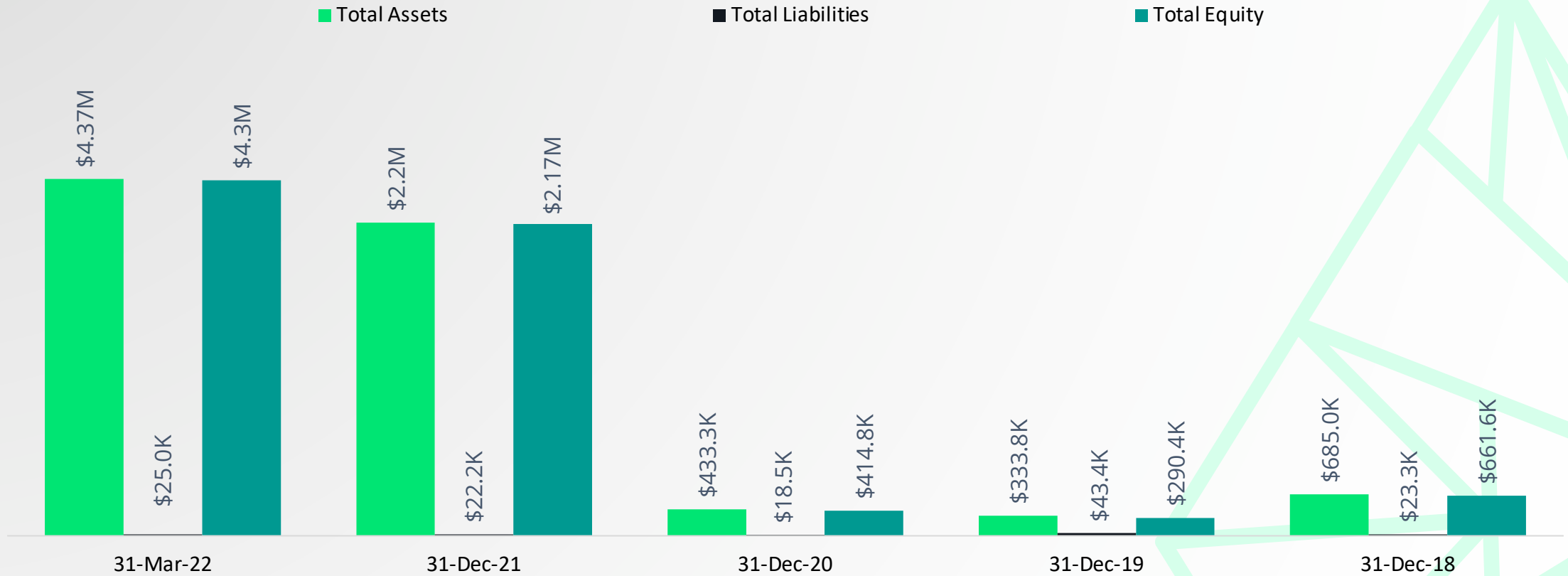
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Finance

Financial Positions in $US

	31-Mar-22	31-Dec-21	31-Dec-20	31-Dec-19	31-Dec-18
Assets					
Cash & Cash Equivalents	$5,446,437	$4,689,209	$303,313	$146,318	$530,268
ETC (at book value)[1]	$78,115	$78,115	$78,115	$154,363	$154,363
Accounts Receivable	$0	$0	$0	$12,057	$7,057
Due from Grayscale	$344,775	$377,733	$51,914	$18,808	$(6,729)
Prepaid Expenses & Deposits	$0	$0	$0	$2,250	$0
Total Assets	**$5,869,326**	**$5,145,057**	**$433,341**	**$333,796**	**$684,960**
Liabilities					
Accounts Payable & Accrued Liabilities	$25,046	$22,208	$18,507	$44,393	$20,305
Due to Grayscale	$0	$0	$0	$(1,000)	$3,022
Total Liabilities	**$25,046**	**$22,208**	**$18,507**	**$43,393**	**$23,328**
Equity					
Retained Earnings	$5,122,541	$414,834	$290,403	$661,632	$239,640
Net Income/(Loss) for the year	$721,739	$4,708,015	$124,431	$(371,229)	$421,992
Total Equity	**$5,844,280**	**$5,122,849**	**$414,834**	**$290,403**	**$661,632**
Total Liabilities & Equity	**$5,869,326**	**$5,145,057**	**$433,341**	**$333,796**	**$684,960**
ETC at Market Value[1]	*$385,946*	*$278,521*	*$46,284*	*$72,540*	*$81,430*
Liquid assets[2]	**5,832,382**	**4,967,730**	**349,597**	**218,858**	**611,698**

[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.*

› There have been no significantly changes in the balance sheet from December 31, 2021.
› Accounts payable and accrued liabilities consist of some staffing costs, as well as Infrastructure hosted services for multiple vendors.
› ETC at Market value has increased, due to rising crypto prices, however prices remain very volatile

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Finances

Legend: ■ Total Assets   ■ Total Liabilities   ■ Total Equity

Date	Total Assets	Total Liabilities	Total Equity
31-Mar-22	$4.37M	$25.0K	$4.3M
31-Dec-21	$2.2M	$22.2K	$2.17M
31-Dec-20	$433.3K	$18.5K	$414.8K
31-Dec-19	$333.8K	$43.4K	$290.4K
31-Dec-18	$685.0K	$23.3K	$661.6K

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