

The Open Foundation Report

June 30, 2020

Continuing down the path of accountability and transparency, the Open Foundation (the “Foundation”) has released its Q2 2020 report for The Open Application Network (“The OAN”) community to view. This report serves the purpose of providing insight into the internal operations, metrics, and strategies of the Foundation.

In Q2 2020, the Foundation decided to change its Fiat and Cryptocurrency Spending reporting to provide focused information on three main operating categories: Products & Engineering, Marketing & Growth, and General & Administrative. Such reporting provides the reader with a more comprehensive view of the Foundation’s resource allocation. To ensure Q2 2020 is comparable with the prior quarter, the Foundation has retroactively reclassified Q1 2020 using the same operating categories.

Spending

The following section outlines the Foundation’s fiat, cryptocurrency, and Aion spending during the three months ending June 30, 2020. The Foundation has reported the below figures on an accrual basis to provide readers with information about the timing of its expenses.

Expense Summary

* Excluding Aion

Highlighted in Figure 1 are the Foundation’s operating activities.

Operating activities include the core activities incurred to steward the ongoing development of The OAN.

Figure 1 Fiat and Cryptocurrency Expense Summary (Excluding Aion)	2020				2020
\$USD	Q1	Apr	May	Jun	Q2
Product & Engineering	\$837,970	\$250,646	\$221,547	\$286,174	\$758,367
Marketing & Growth	500,813	181,262	173,248	161,390	515,900
General & Administrative	562,675	179,682	198,448	152,393	530,523
Total Expense (\$USD)	\$1,901,458	\$611,590	\$593,243	\$599,957	\$1,804,790

In Q2 2020, the Foundation assembled a special projects team to research and build a proof of concept for a product that leverages The OAN.

Of the total compensation spending in Q2 2020, approximately 63% was engineering and technical related and 37% was marketing and G&A related.



Aion Expense Summary

The adjacent table (Figure 2) highlights spending over the three-month period ending June 30, 2020.

Amounts are denominated in Aion and are described further below.

Figure 2 AION Expense Summary	2020				2020
Aion	Q1	Apr	May	Jun	Q2
Grants & Bounties	669,839	-	-	-	-
Long-term Employee Incentives	-	248,691	40,969	2,471,138	2,760,798
Ecosystem & Technical	498,598	320,564	420,664	320,564	1,061,792
Marketing	2,249,310	30,837	30,837	30,837	92,511
Total Expense	3,417,747	600,092	492,470	2,822,539	3,915,101

Overall Aion expenses in Q2 2020 increased by 15% compared to Q1 2020. A large contributor to the increase was the Long-term Employee Incentive plan paid out in June 2020.

The Foundation continued to invest in Ecosystem and Technical solutions to maintain and enhance network Security.

Financial Position

The following highlights the Foundation's fiat, current assets and cryptocurrency holdings as of June 30, 2020. Figure 3 outlines a breakdown of the Foundation's liquid and locked Aion holdings as of June 30, 2020. The locked portion represents the remaining distributions to the Foundation locked under the private TRS.

The dollar value of fiat, current assets, cryptocurrencies (BTC, ETH, USDT), and Aion noted in Figure 3 is as of June 30, 2020 and differs as of the date of this Report due to fluctuations in cryptocurrency prices and operating spending.

Figure 3 Fiat, Current Assets and Cryptocurrency (Excluding Aion)	\$USD
Fiat & Current Assets	\$6,470,667
Cryptocurrency	\$1,811,747
Total	\$8,282,414

Aion Holdings	Units
Liquid Aion	79,598,266
Locked Aion	35,933,528
Total	115,531,794

Current assets consist of short-term receivables and advanced payments for services to be received in the future. Total Fiat & Current Assets from Q1 2020 were \$7,908,068 USD.

The majority of Q2 2020 operating activities were funded by the Foundation's fiat reserve. In Q2 2020, the Foundation did not liquidate BTC or ETH.

The Foundation entered into agreements with private TRS recipients that requires their future TRS distributions to be delegated to staking contracts. In Q2 2020, 601,817 additional Aion were delegated to TRS staking contracts. Such transactions have a neutral effect on the Foundation's overall Aion treasury and result in a shift from liquid to locked Aion.

Investments, loans, and accruals transacted with qualified network partners totaled 1,092,755 Aion in Q2 2020.



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- Information contained in this Report is given as of June 30, 2020 except as otherwise noted.
- This Report is for information purposes only and does not constitute an offer to sell, or a solicitation of an offer to buy, any Aion coins.
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- All figures in this Report are denominated in U.S. Dollars unless otherwise stated