

The Open Foundation Report

September 30, 2019

Continuing down the path of accountability and transparency, the Open Foundation (the “Foundation”) formerly the Aion Foundation, has released its Q3 2019 report for the Open Applications Network community to view. This report will serve the purpose of providing insight into the internal operations, metrics, and strategies of the Foundation.

In November 2019, The Aion Foundation strategically rebranded itself to the Open Foundation, which will steward the ongoing development of the Open Application Network (“The OAN”). As a public infrastructure, a global community of individuals, software companies, and institutions secure and maintain the operations of the OAN. These critical functions are enabled and incentivized using Aion.

Spending

The following section outlines the Foundation’s fiat and cryptocurrency spending as well as Aion coin spending during the 3 months ending September 30, 2019. 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.

Spending in Q3 2019, increased by 19% as a result of an increased focus on Marketing and Ecosystem & Technical initiatives.

Figure 1 Fiat, BTC and ETH Expense Summary	2019				2019
\$USD	Q2	Jul	Aug	Sep	Q3
Compensation	\$1,131,782	\$336,856	\$320,596	\$312,944	\$970,396
Marketing	97,356	74,745	238,909	96,388	410,043
Ecosystem & Technical	27,495	76,312	62,846	84,070	223,227
General & Administrative	261,843	69,149	75,177	78,502	222,828
Professional Services	73,079	9,264	22,677	37,107	69,048
Total Expense (\$USD)	\$1,591,554	\$566,327	\$720,204	\$609,011	\$1,895,542

The Foundation uses the accrual accounting method. Net cash and net cryptoflows (excluding Aion) in Q3 2019 resulting from operating and investing activities totaled \$34,024.

Employee head count has remained consistent with Q2 2019. No employee bonuses were awarded in Q3 2019 and as such, the Compensation spending decreased from the prior quarter.

In Q3 2019, The Foundation focused on new Marketing strategies such as branding, partnerships, and educating new communities about the capabilities of the Open Application Network.

Increased spending for Ecosystem and Technical initiatives is due to development, testing, and implementation of Unity, a new combination Proof of Work (PoW) and Proof of Stake (PoS) consensus algorithm.

Of the total compensation spending in Q3 2019, approximately 62% was engineering and technical related and 38% was marketing, ecosystem, and G&A related.

Aion Expense Summary

The adjacent table (Figure 2) highlights spending over the three-month period ending September 30, 2019.

Amounts are denominated in Aion and are described further below.

Figure 2 Expense Summary					
		2019			2019
Aion		Q2	Jul	Aug	Q3
Grants & Bounties		1,839,962	-	40,110	40,110
Long-term Employee Incentives		762,554	2,000	-	2,000
Ecosystem & Technical		408,237	-	-	-
Marketing		-	-	31,250	71,428
Total Expense		3,010,753	2,000	71,360	144,788

Aion spending decreased significantly from Q2 due to fewer Aion commitments.

In addition to the above, Q3 loan repayments received from qualified network partners amounted to 717,975 Aion. Accrued expenses included in Figure 2 amount to 102,683 Aion.

Financial Position

Figure 3 highlights the Foundation's fiat and cryptocurrency holdings (including Aion) as of September 30, 2019.

Figure 3 Fiat, BTC and ETH			Units	\$USD	Aion Holdings	
						Units
Fiat		11,600,986		\$11,600,986	Liquid Aion	76,630,359
BTC		194		\$1,609,099	Locked Aion	59,752,641
ETH		28		\$5,041		
Total				\$13,215,126	Total	136,383,000

Please note that the balance of fiat, BTC, ETH and Aion noted in Figure 3 is as of September 30, 2019 and differs as of the date of this Report due to fluctuations in cryptocurrency prices and operating spend

Majority of Q3 2019 operating activities were funded by the Foundation's fiat reserve. In Q3 2019, the Foundation did not liquidate BTC or ETH.

Total circulating Aion as at September 30, 2019 was 353,888,576. The Private Token Release Schedule, as described in the Aion Foundation Report published on November 30, 2018 will continue to distribute Aion on a monthly basis until November 2020

The Foundation continues to work with network partners and the Open Application community to provide investments and grants to qualified projects. Such disbursements may be paid out of the Foundation's fiat or Aion reserves. All material investments and grants are subject to approval by the Board of Directors.

Note to Readers:

- Information contained in this Report is given as of September 30, 2019, 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.
- Readers should not construe the contents of this Report as financial or investment advice and should not rely upon this Report for the purposes of buying, selling or holding Aion coins or for any other purpose.
- This Report may include predictions, estimates or other information that might be considered forward-looking. These forward-looking statements are subject to risks and uncertainties that could cause actual results to differ materially. Readers are cautioned not to place undue reliance on these forward-looking statements. The Foundation does not undertake, and specifically declines, any obligation to update such information or statements or to publicly announce the results of any revisions to any such information or statements.
- All figures in this Report are denominated in U.S. Dollars unless otherwise stated