

The Open Foundation Report

Continuing down the path of accountability and transparency, the Open Foundation (the "Foundation") has released its Q1 2020 report for The Open Application Network ("The OAN") community to view. This report will serve the purpose of providing insight into the internal operations, metrics, and strategies of the Foundation.

March 31, 2020

Spending

The following section outlines the Foundation's fiat and cryptocurrency expenses and Aion coin expenses during the 3 months ending March 31, 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, BTC and ETH Expense Summary	2019				2020
\$USD	Q4	Jan	Feb	Mar	Q1
Compensation	\$1,006,615	\$311,491	\$303,827	\$338,133	\$953,451
Marketing	507,963	82,504	124,190	123,528	330,222
Ecosystem & Technical	387,627	142,882	56,338	55,864	255,084
General & Administrative	322,136	94,088	80,352	80,509	254,949
Professional Services	120,458	33,416	34,528	39,808	107,752
Total Expense (\$USD)	\$2,344,799	\$664,381	\$599,235	\$637,842	\$1,901,458





Overall spending in Q1 2020 decreased by 19% compared to Q4 2019. The decrease in spending is due to non-recurring costs recognized in Q4 2019 resulting from The OAN rebranding strategy.

The Foundation continues to maintain current user communities and expand to new international communities. In Q1 2020, the Foundation worked with international marketing consultants to help provide localized knowledge and expedient access to global market resources.

Ecosystem and Technical expenses were incurred to update network security, expand

tooling to international communities, and to assess and research the everchanging digital asset market.

The Foundation works towards minimizing General and Administrative costs by finding operational efficiencies and using new technologies and tools.

Of the total compensation spending in Q1 2020, approximately 54% was engineering and technical related and 46% was marketing, ecosystem, and G&A related.

Aion Expense Summary

The adjacent table (Figure 2) highlights spending over the three-month period ending March 31, 2020.

Amounts are denominated in Aion and are described further below.

Figure 2 Expense Summary	2019				2020
Aion	Q4	Jan	Feb	Mar	Q1
Grants & Bounties	91,110	225,529	324,124	120,185	669,838
Long-term Employee Incentives	2,006,900	-	-	-	-
Ecosystem & Technical	462,798	10,694	487,804	100	498,598
Marketing	218,800	124,309	2,081,452	43,549	2,249,310
Total Expense	2,779,608	360,532	2,893,380	163,834	3,417,746

In Q1 2020, The Foundation listed Aion on new trading platforms to make it more accessible to global markets.

Long-term incentive payments are made in June and December.

The Foundation increased Marketing expenditures from the prior quarter to help spread awareness about the new branding strategy and the development of Open Apps.

Grants and Bounties were provided to approved network partners to incentivize continued support and project contributions.

Financial Position

Figure 3 outlines a breakdown of the Foundation's liquid and locked Aion holdings as of March 31, 2020. The locked portion represents the remaining distributions to the Foundation locked under the private TRS.

Please note that the balance and dollar value of the fiat, BTC, ETH, and Aion noted in Figure 3 is as of March 31, 2020 and differs as of the date of this report due to fluctuations in cryptocurrency prices and operating spend.

Figure 3 Fiat, BTC and ETH		Aion Holdings	
	Units	\$USD	Units
Fiat	7,790,861	\$7,790,861	Liquid Aion 63,197,601
BTC	194	\$1,249,096	Locked Aion 55,156,539
ETH	28	\$3,745	
Total		\$9,043,702	Total 118,354,140

Majority of Q1 2020 operating activities were funded by the Foundation's fiat reserve. In Q1 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 Q1 2020, 5,055,167 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.

The Foundation purchased 2,118,522 Aion from a private coin holder. This is not routine and was done as part of a broader objective to develop new long-term strategic investors.

Investments, loans, and accruals transacted with qualified network partners totaled 8,092,739 in Q1 2020.

The Foundation continues to work with network partners and the Aion 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.

Notice to Readers:

- Information contained in this Report is given as of March 31, 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.
- 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