Algorand™
FOUNDATION

TRANSPARENCY REPORT

JANUARY 1, 2024 – MARCH 31, 2024

MESSAGE FROM THE CFO

With the Foundation's first Transparency Report of 2024, I am pleased to present several notable activities and advancements to kick off the new year.

Most importantly, perhaps, the Foundation released the hotly anticipated AlgoKit 2.0 on March 27th, which introduced a number of landmark improvements to the Algorand developer experience, including native support for the Python programming language. In addition, the CTO office continued to drive forward on its cost-reduction program by evolving the Algorand Relay Program, as well as by bringing a number of other services, such as the Algorand randomness beacon, in house.

The Foundation's Communities team implemented a new "digital-first" strategy; the India team launched the Algorand Startup Lab in partnership with T-Hub; and the Impact team launched the Algorand Blockchain Academy in partnership with the United Nations Development Programme.

The Marketing & Communications team amplified these initiatives with PR outreach, social media, and events, and, most notably, welcomed a CMO, former Google and Android executive Marc Vanlerberghe, in March.

During the reporting period, on-chain transactions on Algorand grew by over 290% and TVL in Algo increased by 5%, compared to the previous quarter. The community-driven ORA project stands out here, generating almost 44M transactions within a 24-hour period on January 1, 2024. Despite the surge in activity, the network continued to perform flawlessly.

Further information about the metrics cited throughout this report can be found in the Appendix, including, for the first time, information on the TVL of Algorand-based real-world assets (RWA), featuring Lofty and Meld Gold. The underlying data can be found on DefiLlama, and we encourage other relevant Algorand projects to add themselves to that platform.

As ever, please feel free to reach out to askthecfo@algorand.foundation with any questions.

Harpal Singh

Harpal Singh
CFO, Algorand Foundation

FOUNDATION HOLDINGS & RECONCILIATION

At the end of the reporting period, the Foundation had a balance of 1,891M Algo. This can be verified on chain via our account addresses, published on the Algorand Foundation website.

The report that follows provides an explanation of both Algo and USD movements during the period, organized by the major categories of Foundation responsibilities, and broken down into three areas:

1. Spending allocated by the community towards incentives.
2. Direct spending on ecosystem development via Foundation equity token investments, loans, investments in third-party funds, etc.
3. Funds used by the Foundation in its mission to support and grow the Algorand ecosystem.

Reference to USD throughout the report, where applicable, includes fiat and stablecoins. Investments are shown at cost, and those in Algo are translated using the spot price at the time of the transaction.

BALANCE SHEET HOLDINGS ('000)

	Dec 31, 2023	Mar 31, 2024	Movement
Investments (USD)	37,334	37,814	480
Foundation Holdings (Algo)	1,972,084	1,890,517	(81,567)

RECONCILIATION ('000)[1]

	USD 3 months to Mar 31, 2024	Algo 3 months to Mar 31, 2024
Structured & OTC Selling	-	(31,000)
Spend Allocated by the Community		
Governance Rewards	-	(31,173)
Ecosystem Support, xGov, DeFi Rewards, NFT	(46)	(8,608)
Investments, Grants & Loans		
Investments & Associated Income	(30)	(2,507)
Grants, Bursaries, Bounties & Champion Payments	(240)	(188)
Loans	204	-
Algorand Foundation Expenditures		
Business Development & Access	(886)	(491)
Ecosystem Support	(1,047)	(320)
Communities	(321)	(144)
Marketing, Events & Partnerships	(2,092)	(1,797)
R&D, Education, Platform Infrastructure & Tooling	(3,640)	(3,159)
Core Foundation Operations	(5,180)	(2,179)
Net Movement	**(13,278)**	**(81,566)**

[1] During the period, Ryan Terribilini left the Foundation and Algorand Ventures moved under the CFO office. Given this, costs connected to 'Algorand Ventures Operations' have moved into 'Core Foundation Operations.'

STRUCTURED SELLING

The Foundation sold 31M Algo during the reporting period through structured selling.

The Foundation's structured selling is performed out of dedicated, publicly disclosed wallets on a rules-based approach and abides by the following guidelines:

Daily sales are limited to the lesser of two constraints:

- A fixed daily amount, based on projected medium-term volumes.
- A small percentage of estimated total market volume on a given day.

Sales are automatically halted if:

- There is a 10% price drop within 24 hours.
- The price goes below a fixed threshold.

Sales can be halted by the Foundation at any time, at its discretion.

The dedicated wallets are:
37VPAD3CK7CDHRE4U3J75IE4HLFN5ZWVKJ52YFNBX753NNDN6PUP2N7YKI
44GWRTQGSAYUJJCQ3GFINYKZXMBDVKCF75VMCXKORN7ZJ6BKPNG2RMGH7E

SPEND ALLOCATED BY THE COMMUNITY

Community-allocated spend amounted to 40.018M Algo, primarily distributed via governance rewards and incentives. The table below explains the breakdown of rewards rolled forward from prior governance periods, those allocated and distributed in the current governance period, and those rolled forward to future governance periods.

Nature of Reward	Opening Balance from Prior Periods Algo '000	Allocation for this & Future Periods Algo '000	Extinguished / Reallocated Algo '000	Spent in Period Algo '000	Closing Balance For Future Periods Algo '000
Governance Period 6 (Q1 2023)					
xGov Community Funding Pilot	1,946	-	-	(695)	1,251
Community Curated NFT Collection	250	-	-	-	250
Governance Period 7 (Q2 2023)					
xGov Term Pool 1	2,139	-	-	-	2,139
Governance Period 8 (Q3 2023)					
xGov Term Pool 2	1,143	-	-	-	1,143
Governance Period 9 (Q4 2023)					
Governance Rewards	14,500	-	(827)	(13,673)	-
DeFi Rewards	17,500	-	-	(17,500)	-
xGov Term Pool 3	827	-	827	-	827
Governance Period 10 (Q1 2024)					
Governance Rewards	14,350	-	-	-	14,350
DeFi Rewards	7,500	-	-	-	7,500
Targeted DeFi Rewards	7,500	-	-	(7,500)	-
NFT Rewards Program	650	-	-	(650)	-
Total	**68,305**	**0**	**0**	**(40,018)**	**27,460**

Please note that given the structure of the current Algorand governance program, there is a lag between community voting decisions and the release of funds by the Foundation.

- The Foundation distributed a total of 31.173M Algo via governance and DeFi rewards for Governance Period 9 (GP9).
- The xGov community funding pilot distributed a total of 695K Algo (of the 1.422M approved) through Voting Session 2, of which 10K Algo was converted to USDC at the time of payment. Information on the grantees can be found on the xGov Portal. The remaining 727K Algo will be released upon completion of agreed deliverables and reported in subsequent transparency reports.
- The governors who opted into xGov in GP9 earned a potential 827K Algo in total, which the Foundation will distribute to the remaining eligible governors after the one-year lock-up period. This line item is shown as xGov Term Pool 3 in the table.
- In GP10, the community voted to distribute 7.5M Algo to targeted DeFi rewards, and 650K Algo via NFT rewards, for a total of 8.15M Algo. The breakdown of distribution by project is given below.

Targeted DeFi Reward Recipients	Algo
Folks Finance	1,875,000
Tinyman	1,750,101
Pact	1,504,544
Algomint	657,283
AlgoRai Finance	442,807
Humble	424,064
Meld Gold	369,383
Wormhole	205,413
Messina.one	181,671
xBacked	89,733
Total	**7,500,000**

NFT Reward Recipients	Algo
Rand Gallery	227,500
Shufl	49,824
Algogems	49,824
EXA Labs	96,715
AlgoxNFT	226,137
Total	**650,000**

INVESTMENTS, GRANTS & LOANS

ALGORAND VENTURES INVESTMENTS

Algorand Ventures published its 2023 Investment Report on March 26, 2024. Algorand Ventures' strategic mandate is to support the health of the Algorand ecosystem by investing in projects that drive on-chain activity and adoption, and in this report we attempted to bring additional rigor to our reporting on the performance of portfolio companies in relation to our established ROI metrics.

In Q1 2024, Algorand Ventures total investments, made in both fiat and Algo, were 2.507M Algo and 30K USD. The investments made were across five different verticals: Impact, Access & Infrastructure, DeFi, Consumer & Web3, and RWAs. Highlights include:

- Vestige, one of the most widely used products in the Algorand DeFi ecosystem. Its current offerings include analytics, multi-DEX order routing and aggregate swapping, token lock smart contracts, and permissionless IDOs.
- Messina, a platform that utilizes liquidity pools to facilitate bridging of native tokens between chains. Messina bridge currently links Algorand with Arbitrum, Avalanche, Base, BSC, Ethereum, Optimism, and Polygon, with Solana to be added soon. Messina also provides liquid staking for Algo, in the form of mAlgo, that lets users participate in Algorand governance and earn rewards while also participating in the Algorand DeFi ecosystem.
- Defly Wallet, a wallet tailored for seamless access to DeFi protocols in the Algorand ecosystem. This investment is structured in milestones, the second of which was completed and paid in this period.

LOANS MADE & REPAID

No loans were made by the Foundation during the period of this report.

An outstanding loan to PlanetWatch was exited at full value, par plus accrued interest.

NOTABLE ACTIVITIES & ACHIEVEMENTS

TECHNICAL UPDATES

ALGOKIT

Q1 2024 was a watershed moment for the advancement of both Algorand's developer tools and the developer experience on Algorand. Notable releases and improvements include:

- The production release of the Python programming language for Algorand, enabling developers to use semantically and syntactically regular Python to write smart contracts (apps), and to leverage existing Python tooling and libraries.
- A new subscriber library that empowers developers to subscribe to and react to on-chain events.
- A new AlgoKit initialization wizard that now supports workspaces and nested initialization flows.

After several months of organic marketing efforts, the marketing department kicked off its fully integrated campaign promoting Python on the product launch date, March 27th. This campaign includes both paid and organic promotions across social media, influencers, search, events, and PR, and will run for approximately twelve weeks. From March 27-31 (the five days of the campaign that are within the reporting period) marketing efforts achieved nearly 5.5 million impressions across paid ad channels, 12,000 campaign page views, and over 400 package installations.

INFRASTRUCTURE

During this period, the CTO office redefined the network architecture for relay nodes[2].

This refinement has facilitated targeted cost allocations for distinct services, resulting in substantial operational savings. Specifically, the Foundation has achieved a reduction of over 50% in expenses associated with relay services for network operators, marking a milestone in our efforts to optimize network efficiency and reduce overhead. And, perhaps even more importantly, these enhancements help prepare for the upcoming introduction of a peer-to-peer network topology, and a specialized division of relay functionalities.

Finally, the Foundation has internalized certain services, including management of the Algorand randomness beacon, a critical service that utilizes Verifiable Random Functions (VRFs) to deliver a secure source of on-chain randomness. By transitioning the beacon in-house versus relying on external providers we have dramatically lowered operational costs, to just 1% of the previous expenditure.

OUTSIDE SERVICES

The Foundation ended its contract to financially support Rand Labs in their operation of AlgoExplorer, which resulted in savings of over USD65k per quarter. With Rand Labs subsequently deciding to shut down AlgoExplorer, we acknowledge the efforts this quarter by Allo, which launched a new explorer, and Pera, which made enhancements to its existing explorer.

ENGINEERING

With a definitive need for authentication primitives in the ecosystem, the team explored and created reference implementations for apps and wallets to use established standards and protocols to perform authentication (i.e. FIDO2/ Passkeys). A sample app and wallet have been created to demonstrate the flow to create dedicated, device-bound keys to perform FIDO2 authentication.

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[2] Previously, relays served dual roles: acting as both archival nodes for the ledger and as conduits for block proposals and data propagation. The redefined network architecture now separates these functions, enabling a more nuanced network topology.

PERA

Pera Wallet saw steady user growth and engagement this quarter. Average Monthly Active Users (MAU) grew by 13% and swap volume increased by 80%, compared to Q4 2023.

In addition to user growth, the Pera team also released several significant product updates this quarter:

- Pera Explorer launched a major update in January, with the service now including transaction details, portfolio charts, live updates, NFT collections page, and more.
- Pera Wallet released an integration with Meld, a smart aggregator for fiat onramps, to facilitate a better fiat onramp experience.
- iOS and Android teams worked on performance and security updates, including releasing scam protection.

PARTNERSHIPS & ACCESS

In January, the Crust Network integration with Algorand went live. This integration enables developers and dApps from across the ecosystem to access popular decentralized storage tools like Crust Files and Crust Cloud.

The Foundation also entered into a partnership with the Government of Plateau State of Nigeria to explore blockchain applications across various sectors. Work has begun to develop potential pilot programs.

COMMUNITY

The Communities team began executing a new "digital first" global strategy this period, with the primary goal of expanding Algorand's developer audience through virtual engagement, and growing the size and sentiment of Algorand's community social channels to amplify these efforts. During the period, Algorand's community channel social follower counters grew by an average of 16%.

INDIA

To capitalize on the momentum generated in India over 2023, the team's goals for Q1 were to grow the developer community, build support for startups, and deepen engagement with large enterprise partners across the region.

Developers: The community of developers in India has continued to grow steadily, particularly at the university level; by the end of the period, there were 45 Algorand Blockchain Clubs in the country that have collectively hosted more than 30 events (both on-campus and virtual).

Startups: The Algorand Startup Lab, in partnership with T–Hub, officially launched in March 2024. The program welcomed 20 startups-building solutions across healthcare, supply chain, financial inclusion, and more–selected from over 100 applicants.

In partnership with TiE Bangalore (a premier student entrepreneurship program), we also kicked off a series of startup events exploring topics of enterprise adoption and supply chain transformation in blockchain.

SOCIAL IMPACT

The Impact team launched the beta version of the Algorand Blockchain Academy, in partnership with the United Nations Development Programme, in March. The program includes a combination of lectures as well as live virtual workshops by Algorand staff and ecosystem projects, covering blockchain basics and impact-focused real-world use cases. Speakers from the ecosystem include leaders from Wholechain, HesabPay, Pera, Folks Finance, URECA, ClimateTrade, and Koibanx, among several others[3].

The Foundation's Head of Impact, Matt Keller, was accepted as an ongoing Forbes contributor. His first piece highlighted HesabPay, "How Web3 Entrepreneurs Can Support The Public Good While Pursuing Profit And Growth."

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[3] These presentations have required multiple iterations and multiple production runs. We are deeply grateful to the organizations and individuals across the Algorand ecosystem who contributed their time and expertise to developing the courses.

EVENTS

In addition to several notable in-person event activations, teams across the Algorand Foundation hosted approximately thirty webinar and X Spaces events in Q1 2024. A few event highlights include:

- **CFC St. Moritz** – 2024 marked the Foundation's second year as a premier partner of this marquee industry conference, with several members of Foundation leadership participating in key programming moments.
- **NFT Paris** – Algorand Foundation partnered with EXA Market to host an event alongside this conference, the #1 NFT-related event in Europe. The event supported EXA Market's v2 launch and overall promoted Algorand's NFT ecosystem.
- **4YFN** – Algorand Foundation CTO John Woods represented Algorand in two sessions at this conference, a part of Mobile World Congress focused on startups.
- **EthDenver** – Algorand Foundation hosted "The Hacker Mansion: Mastering Algorand," a developer-focused gathering with sessions on "Comparing EVM and AVM," "How to get started with AlgoKit," and more.
- **EthVietnam** – 2024 marked the first time Algorand formally activated events around EthVietnam.
- **Algorand Coding Challenge** - The campaign invited developers to discover and resolve a series of challenges using developer tools such as AlgoKit. There were more than 500 attempts and 400 answers submitted.
- **Community Events** - Community Champions hosted 33 virtual events with over 5K attendees.

MARKETING & COMMUNICATIONS

COMMUNICATIONS

The marketing and communications team supported several initiatives with media outreach efforts during Q1, securing notable coverage, some of which is captured below.

- **Hedera and Algorand Unite to Form DeRec Alliance for Decentralized Asset Recovery** – covered in CoinTelegraph, CryptoNews, Crypto Briefing
- **2024 Algorand Roadmap, and the release of Dynamic Lambda** – covered in CoinTelegraph, Web3 Deep Dive podcast, Thinking Crypto, Base Layer podcast
- **AlgoBharat T-Hub Startup Lab launch** – covered in The Financial Express, Forbes India, Telangana Today, Hindu BusinessLine
- **Plateau State government (Nigeria) partners with Algorand to explore blockchain use cases** – covered in CoinTrust, Nigeria Communications Week, TechNext
- **Python AlgoKit 2.0 launch** – covered in TradingView, CoinDesk, The New Stack, and others
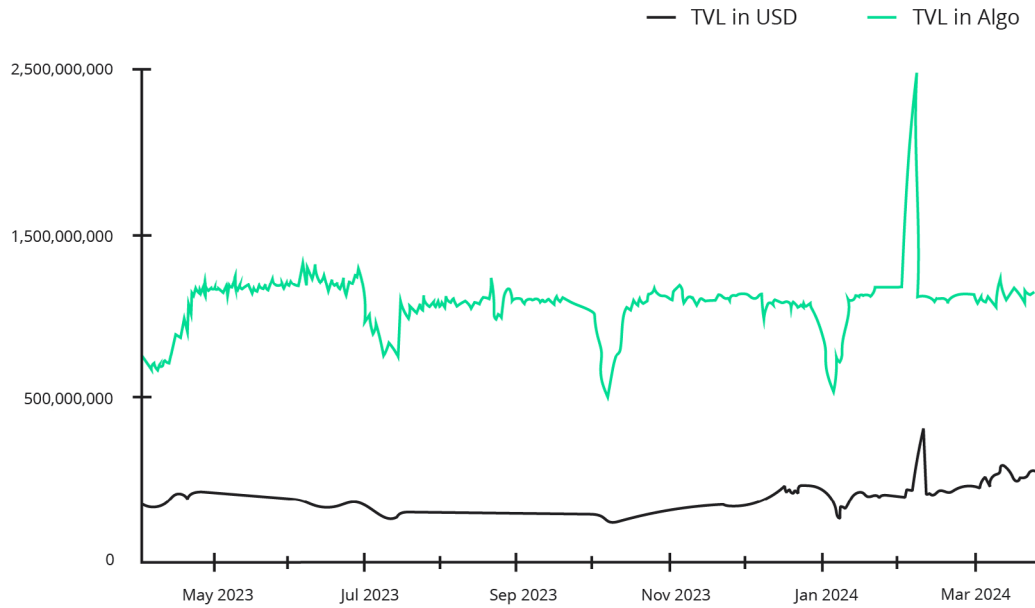
SOCIAL MEDIA

The follower growth across channels in Q1 2024 is as follows:

- On X, AlgoDevs grew by 27% and AlgoFoundation by 3%
- On YouTube, AlgoDevs grew by 105%, amassing 22.9K subscribers in the period
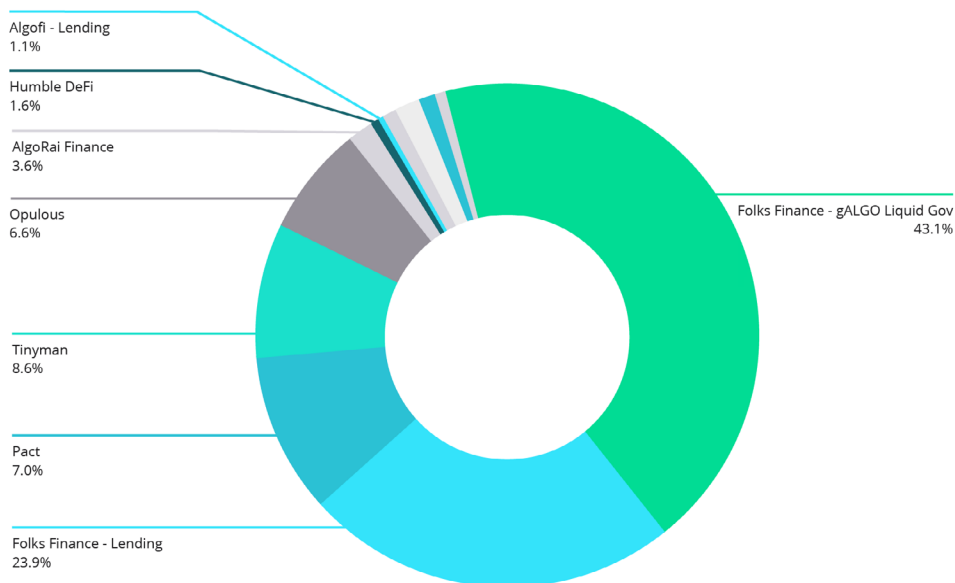- On LinkedIn, Algorand Foundation grew by 3%

APPENDIX:
KEY ACTIVITY INDICATORS
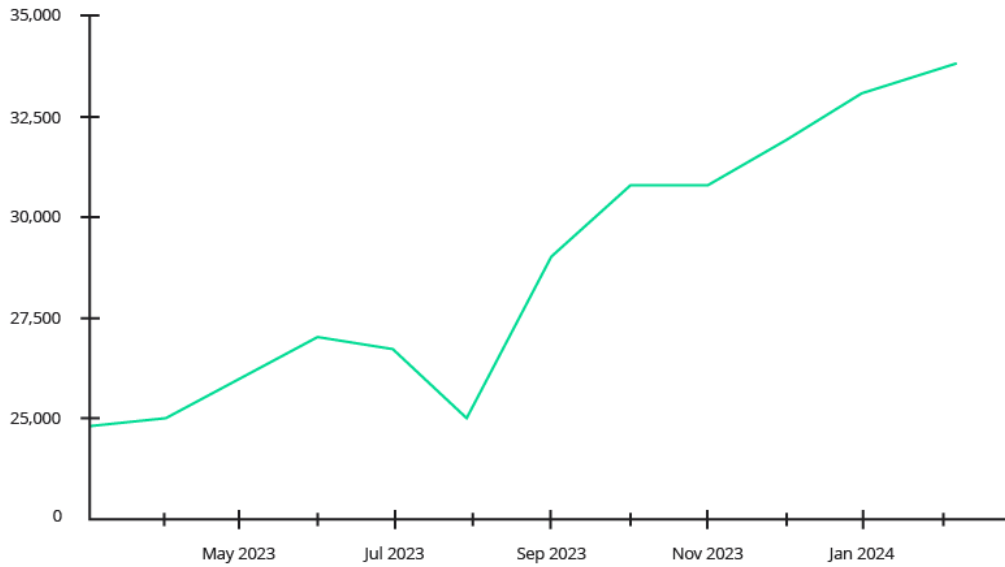
TVL in Algo & USD for the Last 12 Months

The spike in February 2024 is partially due to an error in Humble DeFi reporting on DefiLlama.

TVL Breakdown by Project as of March 31, 2024

Algofi - Lending 1.1%
Humble DeFi 1.6%
AlgoRai Finance 3.6%
Opulous 6.6%
Tinyman 8.6%
Pact 7.0%
Folks Finance - Lending 23.9%
Folks Finance - gALGO Liquid Gov 43.1%

RWA TVL in USD in the Last 12 Month per DefiLlama

Contributors: Lofty & Meld Gold
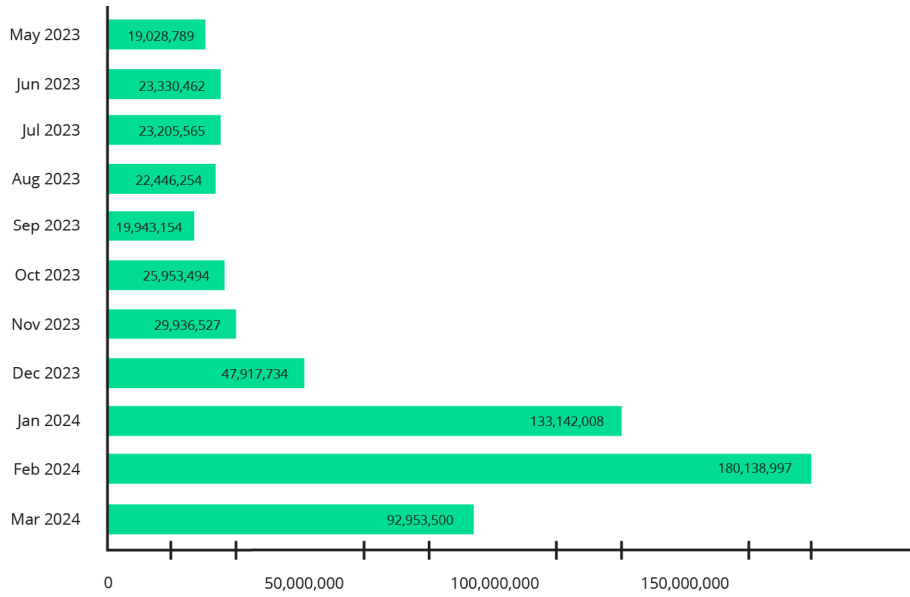Source: https://defillama.com/protocols/RWA/Algorand

Number of New Accounts Opened & Number of Monthly Active Users in the Last 12 Months
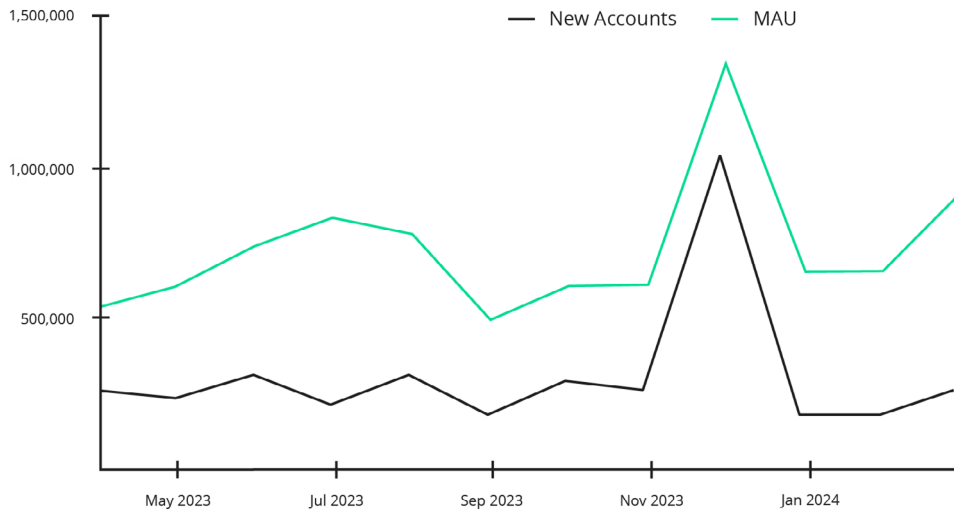
Note, Monthly Active User (MAU) is defined as an account which sent at least one transaction during a month.

Total number of open accounts as of March 31, 2024 stood at 35.2M.

## Number of On-Chain Transactions in the Last 12 Months

Month	Transactions
May 2023	19,028,789
Jun 2023	23,330,462
Jul 2023	23,205,565
Aug 2023	22,446,254
Sep 2023	19,943,154
Oct 2023	25,953,494
Nov 2023	29,936,527
Dec 2023	47,917,734
Jan 2024	133,142,008
Feb 2024	180,138,997
Mar 2024	92,953,500

Total number of on-chain transactions from inception to March 31, 2024, is 1.7B.

NFT Sales in Algo & USD in the Last 12 Months
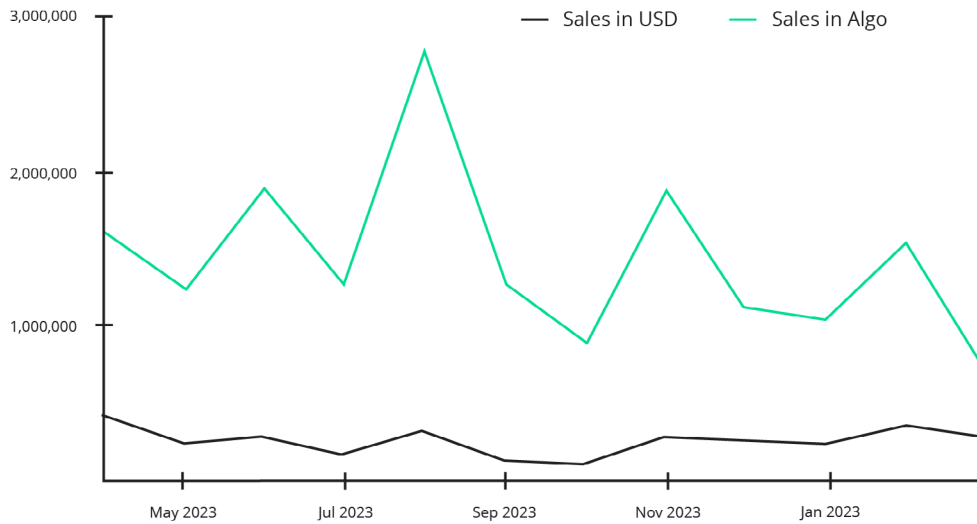
Value of Stablecoins on the Algorand Blockchain over the Last 12 Months
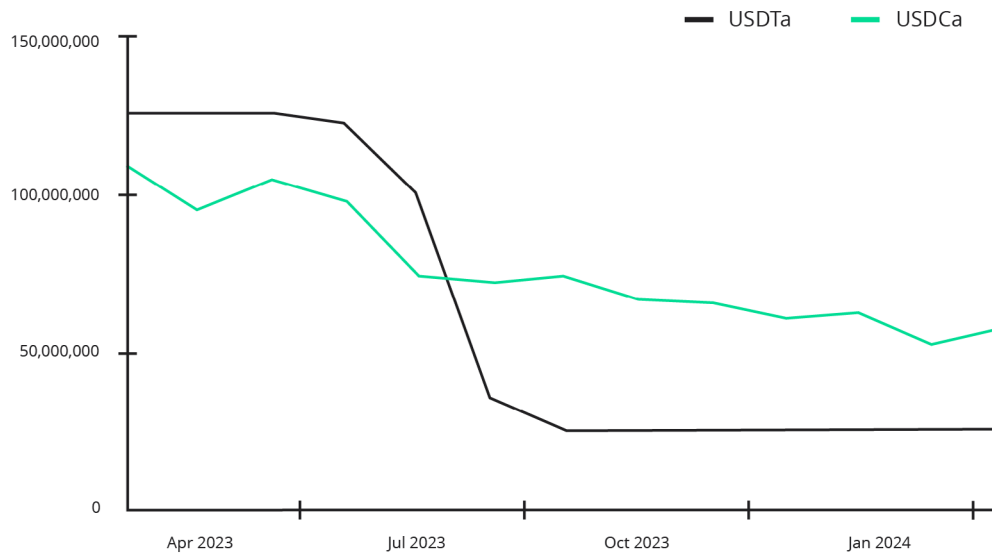
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