



# TRANSPARENCY REPORT

**APRIL 1, 2023 – JUNE 30, 2023**

# MESSAGE FROM THE CFO

Welcome to the second edition of the Algorand Foundation Transparency Report. This is the first quarterly report to come out of my office, following the initial report, which covered the six-month period from October 1, 2022, to March 31, 2023. Given the fast-paced environment, quarterly reporting is more appropriate for keeping the community informed on Algorand Foundation activities and the funding that supports them.

In the last Transparency Report, we presented the first holistic view of Foundation spending on an expenditure basis.<sup>1</sup> We are continuing to increase the efficiency of the reporting process and improve the overall visibility of operations. During this quarter, we implemented a number of work streams to support this more real-time and detailed reporting. In Q2, the CFO's office:

- Reviewed and consolidated the number of Foundation wallets, reducing operational wallets from 180 to less than 55. These wallets are posted on the Foundation [website](#), so the community can monitor them in real time.
- Reviewed and consolidated the multiple metrics used to represent Algo in circulation and sunsetted the Liquid Supply metric, so the only metric now in use is Circulating Supply – a cleaner and more robust measure. More information can be found [here](#).

Two more activities undertaken by my department should be noted. First, the most significant treasury transaction over the reporting period was the [announcement](#) of a Token Purchase Agreement with DWF Labs to raise 50M USD in exchange for Algo. The sale is being executed in tranches, and during the period 132.2M Algo were sold for 15M USD.<sup>2</sup>

Second, during the period and for the first time, the Foundation treasury directly deployed 42M Algo into DeFi protocols, including Folks Finance, Pact, Tinyman and AlgoRai Finance. The scope of the deployments was guided by avoidance of impermanent loss, liquidation risk, technical risks and regulatory considerations. Community support for continuing to aid liquidity via such DeFi deployments was ratified by Governors in Governance Period 7 (with 98% in favor), and the Foundation will continue looking to optimize such actions going forward.

<sup>1</sup> Previously, semi-annual reports were a mix of backward and forward looking, and were presented as balance sheet-type updates.

<sup>2</sup> By the time of this report's publication, this transaction will have been fully completed.



The following Foundation activities are organized by department. Before I begin, I would like to highlight a couple of notable Key Activity Indicators, which are further detailed in the appendix. First, quarter-on-quarter, Total Value Locked (TVL) on chain has increased by 20% to over 1.1B Algo, and reached an all-time high of 1.27B during the period. Second, the focus on and growth of real-world applications (like TravelX and HesabPay) has contributed to over 1.2M new wallets being opened in the period.

I look forward to continued dialogue with our community on the improvement of these reports, as well as on other financial matters. Please feel free to reach out to [asktheCFO@algorand.foundation](mailto:asktheCFO@algorand.foundation) with any feedback.<sup>3</sup>

<sup>3</sup> I have gotten some flak in other settings for asking for comments by email, as it's not a hip and cool way to communicate in Web3. This is a reminder that I'm a CFO, so I'm not meant to be hip and cool!



# FOUNDATION HOLDINGS & RECONCILIATION

This Transparency Report covers the period from April 1, 2023, to June 30, 2023. At the end of the reporting period, the Foundation had a balance of 2,542M Algo. This can be verified on chain via our published addresses on the Foundation [website](#).

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

- Spending allocated towards incentives, historically used to reward Governance participation and increasingly redirected by the community in more targeted ways with;
- Direct spending on the development of the ecosystem via equity / token investments, loans, investments in third-party funds, etc.
- Funds used by the Foundation in its mission to develop and support the Algorand ecosystem.

## BALANCE SHEET HOLDINGS ['000]

	Mar 31, 2023	Jun 30, 2023	Movement
Investments <sup>4</sup> (USD)	118,953	97,855	
Foundation Holdings (Algo)	2,791,179	2,542,118	(249,061)

## RECONCILIATION ['000]

	USD 3 months to Jun 30, 2023	Algo 3 months to Jun 30, 2023
<b>Structured &amp; OTC Selling</b>	-	(163,228)
<b>Spend Allocated by the Community</b>		
Governance Rewards	-	(68,217)
Ecosystem Supp, xGov, DeFi Rewards, NFT	-	(3,798)
<b>Investments, Grants &amp; Loans</b>		
Investments & Associated Income	(590)	(33,068)
Grants, Bursaries, Bounties & Champion Payments	(810)	(1,931)
Loans	-	32,926
Algorand Ventures Operations	(167)	(1,342)
<b>Algorand Foundation Expenditures</b>		
Business Development & Access	(840)	(1,250)
Ecosystem Support	(657)	(148)
Communities	(554)	(22)
Marketing, Events & Partnerships	(1,922)	(2,172)
R&D, Education, Platform Infrastructure & Tooling	(5,167)	(4,242)
Core Foundation Operations	(3,386)	(2,569)
<b>Net Movement</b>	<b>(14,093)</b>	<b>(249,061)</b>

<sup>4</sup> Investments in Algo are translated using the spot price at the time of the transaction. All balances are shown at cost.



## STRUCTURED & OTC SELLING

The Foundation sold 163.2M Algo during the period. Of this, 31M Algo was via traditional structured selling, which ran from April 1, 2023, and paused on June 6, 2023, when the agreement with DWF Labs was close to being finalized. The bilateral OTC Token Purchase Agreement with DWF Labs commenced on June 26, 2023, and 132.2M Algo were sold during the period under this agreement.

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  
44GWRTQGSAYUJJCQ3GFINYKZXMBDVKCF75VMC XKORN7ZJ6BKPNG2RMGH7E



## SPEND ALLOCATED BY THE COMMUNITY

Q1 2023 marked Algorand Governance Period 6. For this Governance Period, Governors voted to allocate 68.2M Algo to General Governance and General DeFi Rewards:

General Governance	53.2M
General DeFi Rewards	15.0M
TOTAL	68.2M

These funds were duly disbursed by the Foundation during this Q2 2023 reporting period.

For the first time, this period the Foundation was able to disburse Targeted DeFi Rewards (in April). The Targeted DeFi Rewards portion of Governance Period 7 Rewards, along with their recipients, are detailed below.

It should be noted that of the 5M Algo allocated, 3.75M Algo were disbursed. The 1.25M Algo that had been earmarked for Algorand were not disbursed and will instead be available for Governance Period 7 General DeFi Rewards, which will be distributed in Q3 2023.

Targeted DeFi Rewards Recipients	Algo ('000)
Folks Finance	1,250.00
Pact	763.47
Tinyman	688.62
GARD	269.46
Humble	239.52
AlgoRai Finance	59.88
Algomint	479.05
<b>Total</b>	<b>3,750.00</b>

Lastly, in this period, the Foundation spent 48K Algo out of the 300K Algo allocated by the community in Measure 5 (Governance Period 5) to purchase **100 NFTs**. This is further detailed under Ecosystem Support & Communities.



## INVESTMENTS, GRANTS & LOANS

Algorand Ventures works alongside ecosystem vertical leads to make direct investments into leading projects, partners with accelerators to fund early-stage projects, and invests or co-invests alongside VC funds mandated to support the growth of the Algorand ecosystem.

Highlights from the last three months are:

- Completed investments into two early-stage projects for a total of 50K USD via the [AXL Ventures](#) programs.
- Completed direct investments totaling 540K USD and approximately 3M Algo across five projects: Lofty, Paima Studios, Pact, Gunny and Algo Gaming Guild.
- Unwound an exchange-traded notes product for 50M Algo.

In addition, the Foundation signed a memorandum of understanding (MOU) with DWF Labs to facilitate information sharing and investments of up to 15M USD by DWF Ventures directly into ecosystem projects. Interested projects can also apply directly on the DWF Labs [website](#).

### GRANTS PROGRAM

The Foundation wound down and closed its AlgoGrants program at the end of 2022. In Q2, the Foundation disbursed 797K USD and 1.5M Algo for milestones met under that legacy program. Detailed information on grants and investments through to December 31, 2022, can be found in the [Ecosystem Funding Report](#) published on July 11, 2023.

The Foundation grants program is being turned over to the community via the [xGov program](#). During this period, good progress was made in setting up the first iteration. Over 4.8K xGovs have committed 2.1M Algos in earned Governance Rewards, which are now locked for one year whilst they decide the distribution of Algo allocated to grants (and progressing to include other matters), starting with the 2M Algo approved by Governors in Governance Period 5.

### LOANS MADE & REPAYED

The Foundation made a loan of 574K Algo to the Napster Foundation to cover its setup costs. This loan was made for a fixed term, and at an arm's length interest rate.

Astronaut fully repaid the remaining balance of the 50M Algo loan that was outstanding. The Foundation incurred no loss on this loan.





# NOTABLE ACTIVITIES & ACHIEVEMENTS

In this section, we highlight some notable events and achievements across the Foundation in Q2.

## NETWORK SECURITY

Given the recent drop in total Algo staked, the Foundation temporarily increased its contribution to online stake. These measures brought the level of Algo online from approximately 1B (13% of circulating supply) to over 1.8B (23.5% of circulating supply). With third-party node providers being used to help with this, the operational costs associated with nodes have increased. It should be noted that as the network stake grows organically, the Foundation will look to reduce its contribution.

The Foundation has also introduced AlgoRun to make running a participation node easier, without needing to understand how to compile software or configure node parameters. This release is a minimum viable product. Future releases will focus on making AlgoRun easier to use, including the addition of a UI. Over time, we expect the number of participation nodes and online staked Algo to grow organically.

## ALGOKIT

AlgoKit development continues, iterating towards the 2.0 release in early Q1 2024. Developments in Q2 include:

- Enterprise-grade continuous integration and continuous deployment support with GitHub Actions.
- AlgoKit generate command, a typed client generator to assist developers in interacting with their smart contracts from a frontend.

The DevRel AI engine answered over 1,500 questions last quarter, powered by a large language model.



## ACCESS

There were a number of partnerships and integrations completed in Q2 to improve access to Algo and ASAs:

- Uphold, a leading digital asset trading platform with more than 10M users, completed an integration to enable their users to deposit and withdraw Algo on the platform.
- Edge, a leading multi-chain wallet, added support for Algo and ASAs, as well as WalletConnect for connecting to our DApp ecosystem.
- NOWPayments completed an integration allowing companies to accept online payments in USDC on Algorand.

## ECOSYSTEM SUPPORT & COMMUNITIES

The Foundation's ecosystem growth team hosted 130 in-person and online events during Q2, which brought together more than 14K community members. Online events geared toward developers and non-technical audiences continue to have great traction.

Q2 was a notable period for NFTs. The Foundation partnered with Rand Gallery and Pera Wallet to bring eight Algorand NFT creators from around the world to NFT.NYC to showcase their work.

The NFT Council, a committee of advisors from the NFT community, was established, and the Foundation rolled out a voting tool to facilitate decision-making. With the support of the NFT Council, the Foundation:

- Purchased its first batch of NFTs for the Foundation's community-curated NFT collection, following a Measure passed in Governance Period 5. The collection can be viewed [here](#).
- Worked with the NFT Council and broader community to draft the Measure for the NFT Rewards Program, which was then passed in Governance Period 7.

In Q2, regional Algorand Twitter and Telegram channels grew their following by 38% in the Americas, 8% in APAC, and 18% in EMEA. Over 30K people are now part of the community across all regional social media channels.



## INDIA

AlgoBharat continues to build momentum on the ground in India with a focus on educating developers. Some highlights over the last quarter include:

- Completed two faculty development programs, delivering an Algorand-based blockchain curriculum to nearly 100 professors from universities across India.
- Signed partnerships and MOUs with multiple universities, including National Institute of Technology, Patna, Jawaharlal Nehru Technological Institute, Hyderabad, and Kakatiya Institute of Technology and Science, Koukonda.
- Launched 14 Algorand Blockchain Clubs at universities.

To help grow our ecosystem in India, the Foundation onboarded six regional ambassadors in Delhi, Ahmedabad, Hyderabad, Pune and Guwahati.

The local AlgoBharat social community is growing strong, with over 1,700 followers on Twitter and over 800 on LinkedIn.



## MARKETING & EVENTS

Marketing focused on introducing Algorand to new user bases through partner programs, supporting ecosystem projects, and driving awareness of Algorand among developers. This was achieved through social amplification, event sponsorship, blog content, communications support, and paid advertising. We continue to partner with DevRel to drive developers to use AlgoKit 1.0.

Notable events for Q2 2023 were NFT.NYC and Consensus by CoinDesk.

At NFT.NYC, the Foundation:

- Sponsored a booth for three days in partnership with Rand Gallery and Pera Wallet. The event featured a POAP activation that led to more than 700 new wallets being opened and more than 1,500 NFTs claimed.
- Hosted the first-ever AlgoHouse pop-up, a day-long networking event that showcased over a dozen projects, including Thurstober Digital Studios, AlgoSeas, High Forge, Quantum Temple, Napster, Dequency, and The New Computer Corporation (NCC).
- Hosted the second annual Women x Web3 Breakfast Club and a pitch competition that awarded prizes to three developing ecosystem projects and featured judges from Mastercard, TxnLab, and the Foundation.

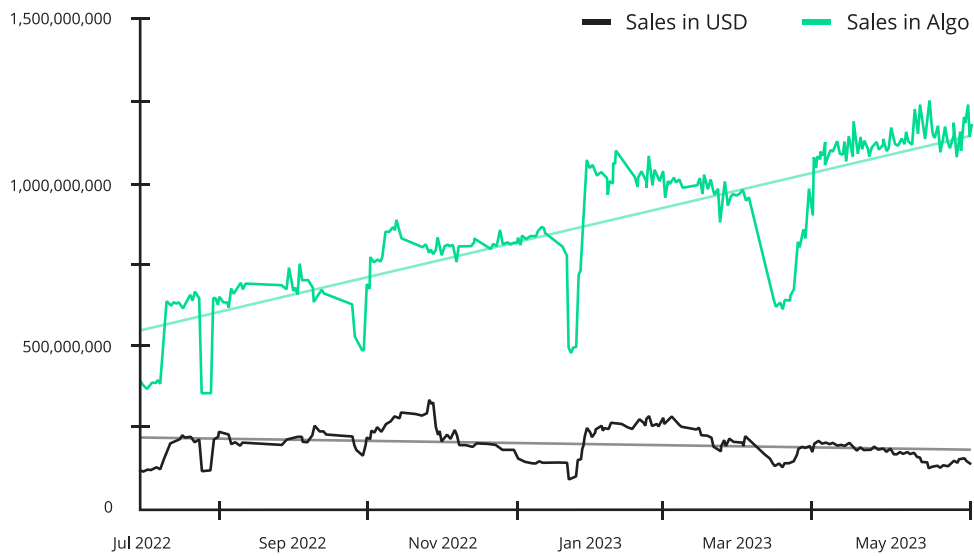
At Consensus by CoinDesk, the Foundation:

- Garnered over 81 million media impressions of Algorand at the conference, including coverage on Cointelegraph, CoinDesk, and The Washington Post.
- Facilitated 1,500 Consensus-exclusive POAPs being claimed.
- Distributed Algorand-branded Book.io claim cards in swag bags to 10,000 Consensus attendees.
- Partnered with Blockchain Acceleration Foundation (BAF) to sponsor 200 student attendees and provide educational presentations about Algorand.

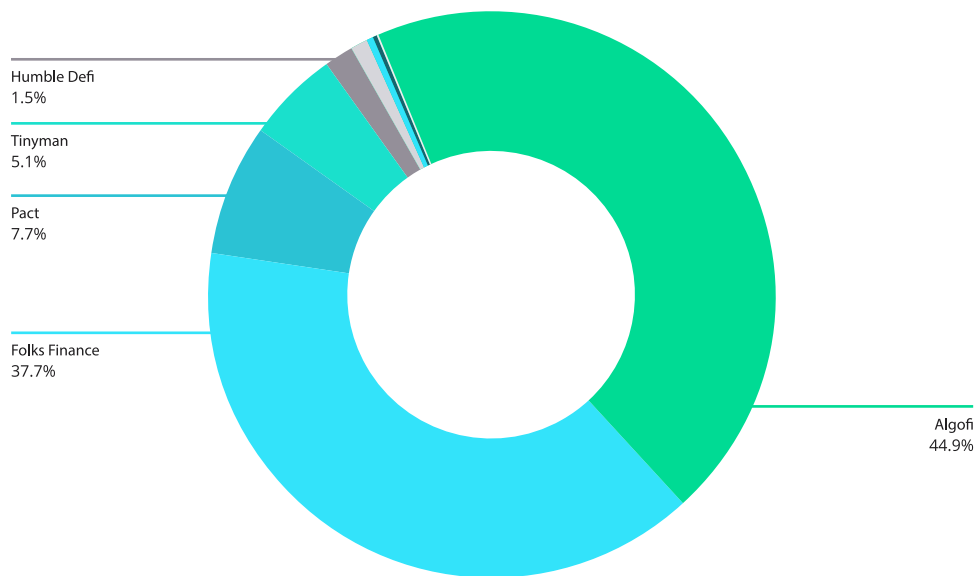


# APPENDIX: KEY ACTIVITY INDICATORS

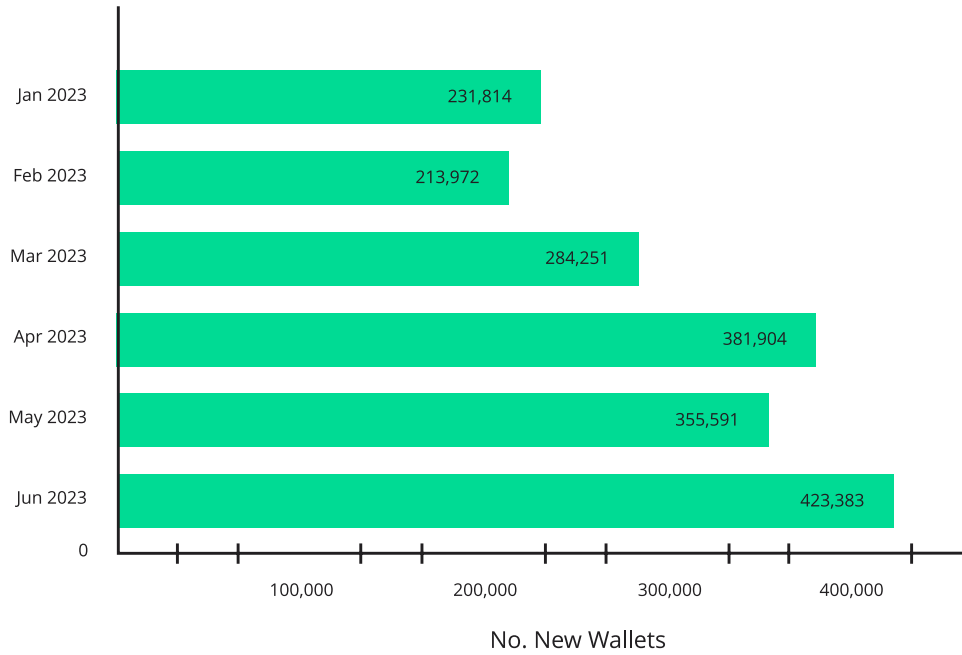
## TVL in Algo & USD for the Last 12 Months



## TVL Breakdown by Project as of June 30, 2023

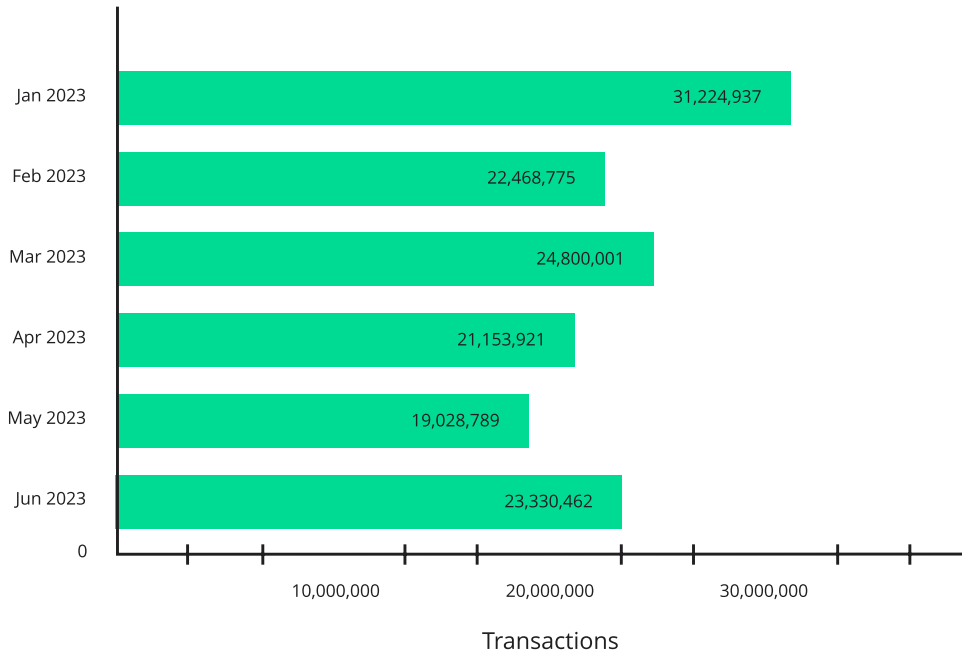


### Number of New Wallets Opened in the Last 6 Months



Total number of open wallets from inception to June 30, 2023, is 31.3M

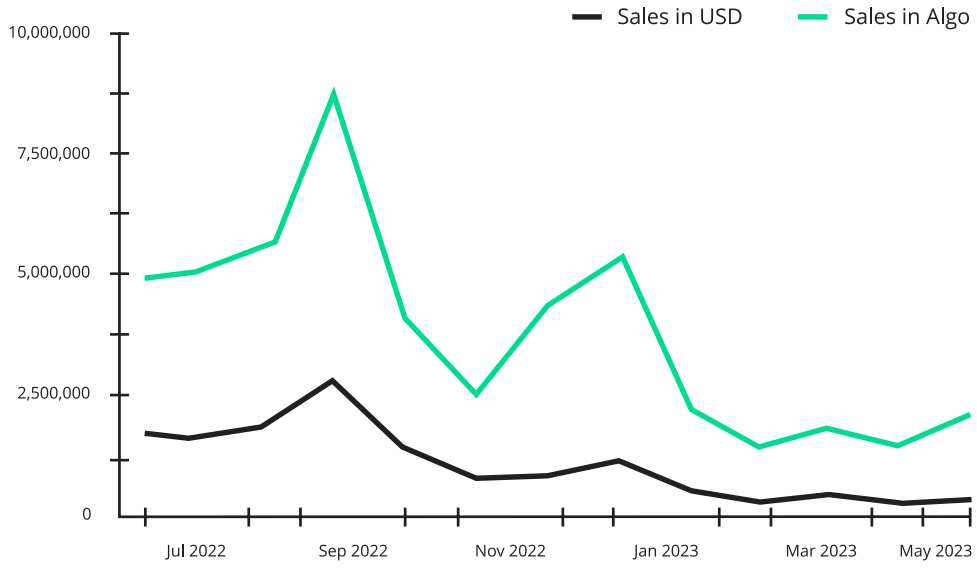
### Number of On-Chain Transactions in the Last 6 Months



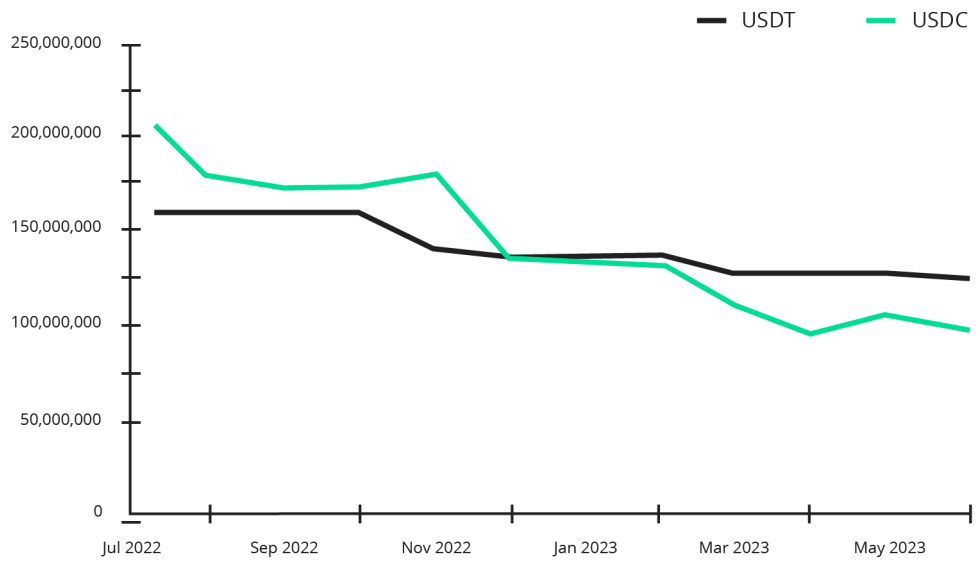
Total number of on-chain transactions from inception to June 30, 2023, is 1.1B



### 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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